

Business in Germany? Landesbanken Girozentralen Sparkassen

NEWS SUMMARY

GENERAL: Provos claim death of officer. Equities slip 1.1; gilts mixed.

Business: Equities slip 1.1; gilts mixed. COCOA prices rise on the London futures market because of continued pressure on supplies.

Callaghan stops hort of apology. Callaghan strongly denied accusations of a Government-inspired campaign to discredit Sir Peter Ramsbotham.

Basque provinces of Spain were paralysed by a general strike yesterday. The Basque provinces of Spain were paralysed by a general strike yesterday.

Spanish fishermen were shot and two others injured yesterday in an incident in Portuguese territorial waters.

Israeli forces in the Golan Heights are being retrained by the British Army. The British Army is retraining Israeli forces in the Golan Heights.

Warming-up: Well of more settled weather expected in the next seven days with warmer temperatures.

Liberal Party hopes to raise appeal to mark the centenary of the National Liberal Foundation.

Yugoslav flight controller was held for seven years for initial negligence leading to a collision in which 176 people died last September.

Chief price changes yesterday. Prices in pence unless otherwise indicated.

Zambia puts army on war alert against Rhodesia

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

President Kenneth Kaunda of Zambia said yesterday that he had put his army on full alert following threats from Rhodesia to make pre-emptive strikes against Zambia-based guerrillas.

Dr. Kaunda said that the worsening security situation might prevent his attendance at the Commonwealth Conference in London in three weeks' time.

While observers in London tended to discount the imminence of military action by either side, the Rhodesia-Zambia quarrel threatened to involve the British Government in an embarrassing diplomatic incident which could affect the success of the current Anglo-American initiative on Rhodesia.

Dr. Owen's message was conveyed to the Zambian President by Dr. David Owen, the Foreign Secretary. Yesterday Dr. Kaunda criticised Dr. Owen for being "a post-box" for the rebel leader.

THE WEST could face a new energy crisis within the next few years ahead; the energy gaps which opened up beyond 1985 could be either negligible or if percentage, ignored.

Electricity from nuclear power was capable of making an important contribution although fusion power would not be significant before the year 2000.

SIR JAMES GOLDSMITH is making a £40m. bid through his French master company, Générale Occidentale, to buy out half of the 49 per cent which it did not yet own in the British food group Cavenham, at 150p a share.

THE FT ACTUARIES share indices, published on page 38, will show five gilt indices from today in place of the one index previously calculated.

Floating interest rate bond soon

By Peter Riddell, Economics Correspondent

THE GOVERNMENT will launch its long-awaited floating interest rate bond at the end of this month with a £400m. issue.

The Treasury briefly announced last night the size of the new stock and stated that a prospectus with full details would be published on May 27.

The launch of the "floater" had been generally expected within a short time by the gilt-edged market, especially following the exhaustion of the last remaining top stock on Friday.

An announcement was made at the beginning of April that steps were being taken to clear the way for such an issue and the necessary statutory instruments to qualify the new bond for trustee and building society investment had been laid before Parliament this week.

Although there were large deposits of oil sands, heavy oil and shale these were likely to supply only small amounts of energy before the year 2000.

The authors give a warning of the consequences if these problems are not recognised. "Failure to act could lead to substantially higher energy prices as the supply/demand imbalance becomes more apparent with the depressant effects on the economies of the world and the consequent frustration of the aspirations of the less-developed countries."

World energy gap and Editorial Comment, Page 18

Drax needed to save jobs - Babcock

BY MAX WILKINSON

A NEW threat of serious redundancies in the power engineering industry appeared yesterday, as Mr. James Callaghan called in Sir Arnold Weston, the head of the General Electric Company, for urgent talks.

The Prime Minister was making a final effort to break the deadlock in talks of rationalising the industry.

Mr. Callaghan has also been strongly lobbied by trade unionists from the North East, where C. A. Parsons is threatening 1,800 redundancies unless the Drax order goes through.

Some 1,200 men, 30 per cent of the workforce, were laid off in March. Yesterday the company said a further 1,200 would have to go early next year unless the Drax order was placed shortly.

World energy gap draws closer. Israel's perplexed voters. John Brown's revival. Britain's mission to the EEC.

ON OTHER PAGES: Appointments, Letters, Labour, Management Page, World Trade News, World Value of the C, PROSPECTUS, Reb. of Sunderland, (Comment) Page 20, ANNUAL STATEMENTS, Financial Year 1976, Meet Hennessy, Austin Reed Gro., Victory Insurance, INTERIM STATEMENTS, Aust. NZ Bds. Grn., Basic London Rates.

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Call for action to prevent new energy crisis

BY RAY DAFTER, ENERGY CORRESPONDENT

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Five gilt indices in FT

BY ERIC SHORT

THE FT ACTUARIES share indices, published on page 38, will show five gilt indices from today in place of the one index previously calculated.

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LOMBARD

Fade-out time for shareholders

BY GEOFFREY OWEN

A DISTINGUISHED company chairman once remarked that the shareholders of a company are not its owners... but its creditors.

Bonanza

There was an example of this when the Government announced a new company law... which would allow companies to raise money more easily.

The same issue will soon have to be faced by the companies whose shareholdings are being bought up by the Government.

RACING

Vitiges should make up for disappointments

VITIGES, blinkered for the first time, should be good enough to lift today's renewal of the Clive Graham Stakes at Goodwood... Peter Walwyn's top class stallion...

SALEROOM

Old books fetch £182,583

ALTHOUGH the two most highly regarded lots failed to find buyers, the good prices for other books produced a total of £182,583 at the Sotheby's print book sale yesterday.

Lawyer attacks Foot over 'judges' speech

IT WAS "absolutely appalling" that Mr. Michael Foot, Leader of the Commons, should express doubts publicly about the fairness of judges' awards...

WINE

Piedmont can give some pleasant surprises

BY EDMUND PENNING-ROWSSELL

IN VINOUS TERMS Piedmont is the best known as the source of two of Italy's top wines: Barolo and Barbaresco... The Piedmont region is a vast area of hills and valleys...

TV Radio

Table with TV and Radio programmes for BBC 1, BBC 2, and other channels.

F.T. CROSSWORD PUZZLE No. 3382

Crossword puzzle grid with clues for Across and Down.

Answers to the crossword puzzle, including words like 'Train for loads of fish', 'Masquerade in which ten creep about', etc.

Radio

Table listing various radio programmes across different frequencies and channels.

THE MANAGEMENT OF FOREIGN EXCHANGE RISKS. Conference at Dorchester Hotel, London, 26 and 27 May 1977. Organized by Financial Times and Banker in association with Forex Research Ltd.





...er Breuer and Eva Erdokimova in London Festival Ballet's 'The Nutcracker' which opened last night at the Coliseum

# Hedda Gabler

by RONALD HOLLOWAY

Bochum Schauspielhaus... Hedda Gabler... approach was to construct an enormous, roomy set, allowing the actors space to travel long distances through Ekidal's photography studio up to the attic. The same concept is applied in Hedda Gabler: endless walking through cavernous, palatial surroundings as Tesman and Gabler talk off against one another with conversations that hang in the air for the most part. The set (Götz Loepelmann) also features a study in the distant background, with stairs in between, over which Tesman stumbles in an absent-minded confusion as the final curtain falls on Hedda's suicide.

# Le bourgeois gentilhomme

by WILLIAM WEAVER

Last year, his troupe, irrationally called Il Grummo, toured Italy with a memorable production of Pirandello's *L'uomo, la bestia e la visiera*. This year they are presenting Moliere's *Le bourgeois gentilhomme* in a fluent, tasteful translation by Cesare Garboli. At the moment, they are playing in Florence's Teatro dell'Affratellamento. With ingenious skill, Cecchi manages to harmonise the idea of a sumptuous gambler-ballet for the Court with his own ideas of a simple, "poor" theatre. Sergio Tramonti has designed a basic set whose chief feature is a landing which runs across the rear of the stage to a staircase that descends at stage right. Chairs and tables are brought on from the wings. The costumes are colourful, indicating elegance and making gentle fun of it at the same time (Dorante actually carries a gold handkerchief).

# Venice restored

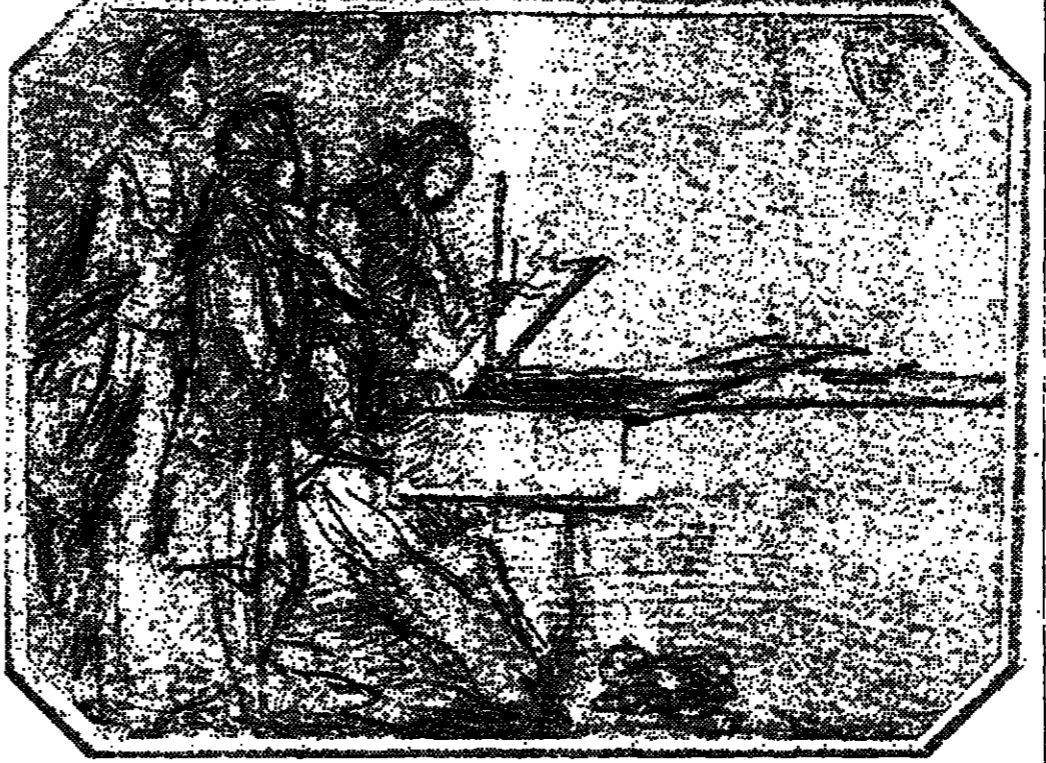
Church of the Madonna dell'Orto. Ed. Ashley Clarke and Philip Rylands, Paul Elek, 4.95. If you had visited the Madonna dell'Orto church in Venice a few years ago, intent on seeing the paintings of Tintoretto for his own parish, you would have found a dull, clammy place where, even if you had sued someone to switch on lights, the two great pictures the church is actually dedicated to St. Christopher, whose shrine is in stone, by Bartolomeo and a Virgin and Child carved by another church, S. Maria della Salute, and rejected unpaid was given refuge there after had been found lying unattended in a neighbouring street. Thereafter the name was changed in popular use from Cristoforo to Madonna dell'Orto, the Virgin of the Orchard. The church's decay reached its lowest point after the appalling flood of 1966, and the building was chosen as the subject of the first comprehensive restoration to be done by the British Italian Art and Architecture Fund, now the Venice in '71 Fund. The processes of restoration described in this collection of articles and photographs by Sir Ashley Clarke and Philip Rylands, and very interesting it is. Much of the fabric, suffering from rising damp, had to be rebuilt and a damp course inserted. A new floor was laid, and the pinnacles of the minaret, which were in danger of collapse, were replaced with fresh, white stucco. The grubby plaster from inside walls was removed and replaced with fresh, white stucco. The Virgin of the Orchard has been seen and admired by many. An ingenious process

# Gainsborough's music

by DENYSSUTTON, Editor of Apollo

The Entertainment Guide is on Page 33

It is always a pleasure to visit Kenwood, not only to wander round a house that recalls an age which cherished quality but also to refresh the eyes by taking in the beauties of the 1775 but which did not meet grounds. It is an estate that evokes the prosperity of eighteenth century England and renders all the more bitter the poverty of our present situation. During recent years, a tradition has been established of holding a summer show at Kenwood designed to shed light on some aspect of the eighteenth century and in the aggregate these have been as attractive and instructive as any put on in London. This season an extra exhibition is being held which deals with the appealing theme of Gainsborough and music. Gainsborough loved music and even believed that he had been destined to be a musician. He was a tolerably good performer on various instruments, including the fiddle, the guitar and the harpsichord, but not the bassoon. Many of his friends were composers or virtuosos and his features inspired portraits. To examine such portraits and to read the comments in the catalogue is to be transported back into eighteenth-century London and to be given some idea of the character of musical life at that time. It is a pity that the chance has not been taken of filling in the details of this subject: the background could have been indicated by means of prints and books. Just as much as foreign painters—a Canaletto or a Pellegri—came to England to study the art of painting, so did musicians come to England to study the art of music. One of these was Johann Christian Bach whose portrait by Gainsborough is one of the finest works by the master in view, in which assessment of character and refined handling, Gainsborough was ever the aesthete.



Gainsborough's drawing of the Linley family at a musical party

# Maurice Hasson

by PAUL GRIFFITHS

Beethoven died 150 years ago this spring. As an item of news this information may be only marginally more topical than the fall of the Bastille reported in another paper last week, but it does go some way to account for the complex of interlocking Beethoven cycles to be heard in London at the moment. On Sunday Maurice Hasson and Judith Jaimes entered the lists with the first of three concerts which will take them through the violin sonatas, the remaining recitals to follow on the next two Sunday evenings. It was, of course, Beethoven's achievement to make the violin sonata a medium for the discourse of equal partners, and so it is perhaps unfair of me to spotlight the violinist's name in my heading. To redress the balance, let me begin with Miss Jaimes, for this was indeed as much her evening as it was Mr. Hasson's. In the first part of the recital, which was taken up by the three sonatas of op. 12, she found exactly that basis of pure tone and clear phrasing which is essential if the novelty of Beethoven's thought is to be revealed and yet not exaggerated. Moreover, her sharp and purposeful rhythmic profiles paid dividends in the most "Beethovenian" moments of these sonatas, and provided much of the motive force in the great C minor sonata, which followed in the second half. Given piano playing so attractive and considered, the violin might have seemed almost redundant in the early sonatas, where it has yet to achieve full independence. However, Mr. Hasson is an artist not easily outshone. The beauty of his sound and the sensitivity of his line brought one's closest attention inescapably back to his part time and again. It was a pity, therefore, that his performance was marred by accidents, which, though by no means numerous, were plentiful enough to be unsettling. Tiny slides and lapses of intonation can be annoyingly distracting in a context of such elegant musicianship, and they became so in Mr. Hasson's account of the C minor sonata. Here he may have been striving too much to give expression to the dramatic substance of the piece: his comparative and marvellous success with the slow movement would seem to bear that out.



Adrienne Posta and Aubrey Woods in 'Lionel' which opened last night at the New London Theatre

# English Bach Festival

Oxford's portion of the English Bach Festival started on Saturday, June 11, with a concert by Richard Mottion, a promising member of the small band of high tenors suitable for this music, so compare the honours with Fourmyr, fortable at the top that the relation of the two voices of the low notes Paul Steinitz, London Bach seemed unimportant. Mr. Higginbottom, unsparing of his former still to be heard. There energies and talents, played in a Venetian programme of some of the Organ Mass' pour Schütz, Gabrieli and Monteverdi, les couvents—delightful, entered conducted by Denis Arnold, and taining, but not frivolous. Beethoven a moting of by the lively and immediately appealing, because of the amount of importance as an excuse for rich music lying just out of reach, not fortunate enough to win modern performance. Couperin was finely represented by two works, one of

# The Royal Ballet in Battersea Park

From July 4-16, The Royal Ballet in Les Sylphides on July 14; Ann Jenner takes the lead in the specially selected "Big Top" in Battersea Park in association with Midland Bank and the Greater London Council, as part of the London celebrations of the Queen's Silver Jubilee. During the season, several artists appear in roles for the first time in London—Wayne Eagling dances Soler in *La Baya* and Laura Connor, Stephen Beasley and Andrew Moore take dere on July 9, Colas in *La Fille mal gardee* on July 12, and the Seasons on July 16.

# Sinatra sells pictures

Sotheby's major summer sale, "L'Eglise Saint Jacques, of Impressionist and Modern Deppe," a work of 1901, which more than its usual attention this collection. Another important work because of the pictures work is a Boudin beach scene, on offer come from the collection "Trouville, l'heure du Bain." There are two good Fauve paintings for sale, Dufy's "Le 4" and thus disposing of some choice Impressionists. The great attractions are two paintings by Camille Pissarro—"Place de la République, Rouen," dated 1883 and 1890.

# What is behind No. 9?

To be Norway's 9th largest industrial group does not mean a lot — unless you consider the facts behind that position. In Norway, number 9 means an industrial group which is

- Norway's only producer of cement
- Norway's largest producer of building materials
- One of the largest overseas exporters of cement in Western Europe.

Other key facts are:

Turnover (mill. N.kr.)	1976: 1,357.6 (+14% from 1975)	Net Profit (mill. N.kr.)	1976: 57.0 1975: 31.3 1974: 9.2
Capital (mill. N.kr.)	1976: Total capital: 1,225.5 Equity : 333.5	Employees	3,444

Shareholders: 6,366. 36% owned by individuals. 35% owned by banks, insurance companies, funds etc. 29% owned by shipping, industry, trade

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Joint-ventures	GRP-products
	Paper
	Perlite
	Mud-products



# EUROPEAN NEWS

## BRITAIN'S MISSION TO THE EEC

# Mini-Whitehall in Europe

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

IF RECENT Press leaks are to be believed, the Central Policy Review Staff team working on the forthcoming report on the future of the Foreign Office have been greatly influenced in their thinking by the way in which Britain's diplomacy has been tailored to deal with the task of integration into the EEC. Some of its members are indeed said to see the experience as a solid argument for abolishing the Foreign Office altogether, and merging its functions with those of other Whitehall Departments.

Britain established a permanent representation to the European Communities in Brussels on entering the Common Market in 1973. Usually known as UKREP, it occupies three floors of a modern office building on the Rond-Point Schuman, directly overlooking the EEC Commission and a short step from the Council of Ministers building, where much head-and-butler EEC business is conducted.

UKREP is in many ways unique among British missions abroad and is perhaps best described as a mini-Whitehall. The current Ambassador, Sir Donald Maitland, is a career Foreign Office man; but of the 41 UKREP members enjoying diplomatic status, only 16 are drawn from the Foreign Office, the remainder having been seconded temporarily from more than half-a-dozen other departments and the Bank of England.

The reason for this eclecticism might seem to be the belief that much EEC work was too specialised and technical to be left to mere diplomats. But according to those working at UKREP, at least as important is the recognition that EEC entry has exposed a wide range of policies to direct external influences for the first time. In these circumstances, it is felt that traditionally domestic policies are most effectively handled in Brussels by home civil servants with an intimate knowledge of the needs and customs of their own departments.

UKREP's peculiar position as an extension of Whitehall is underlined by the fact that Sir Donald is probably the only British ambassador who returns to London every week for official consultations. While there, he confers not only with the Foreign Office but also with the Cabinet Office, which plays a central role in shaping British policies towards the EEC, and with senior members of the other departments whose interests are directly affected by current developments in Brussels. By the same token, UKREP reports to and receives instructions from a variety of masters, though the Foreign Office scrutinises outgoing cables to ensure that they

contain no overt contradictions. For most members of UKREP, there is more routine work than in other diplomatic postings, and their work patterns are largely determined by a fixed schedule of EEC meetings. These range from the once-weekly ambassador-level meeting of permanent representatives, at which decisions on a wide variety of EEC issues are expedited, down to working groups dealing with highly detailed and often arcane affairs, such as harmonising the basis for taxing travel agencies.

The workload is particularly heavy at present, because

same time fully 60 per cent. of British attendance was accounted for by home-based officials flown out for the occasion.

Though some of Britain's EEC partners may be unconvinced of the Government's commitment to broader community principles, they tend to give UKREP high marks for competence, and there is little doubt that it does an efficient job within its terms of reference. At present, these call for close attention to virtually every aspect of EEC affairs—so close, indeed, that some of its members have been known to wonder whether their Whitehall departments were sufficiently attuned to the way in which the Community operates to digest all the information being fed to them.

There is undoubtedly still ignorance in Whitehall about the practical workings of the EEC, and some British officials in Brussels are inclined to regard UKREP as a valuable channel to educate their colleagues. But once the rules of the Community game have been understood, some areas of EEC activity where British interests appear to be involved only indirectly may perhaps not merit as thorough scrutiny as they do at present.

Could UKREP serve as a model for British diplomatic missions elsewhere? It has certainly demonstrated that home civil servants can conduct effectively what one Foreign Office official describes as "the traditional business of diplomacy, on-the-spot negotiation."

On the other hand, many career diplomats contend that a combination of circumstances to be found nowhere else. It is emphasised that Britain enjoys no bilateral relationship with any single Government, even that of the U.S., which engages important national interests consistently across a broad spectrum as do relations with the rest of the EEC. There therefore appears to be less justification for assigning members of the home civil service to other Foreign postings where they are unlikely to be kept as busy with regular specialised meetings as they are in Brussels.

It is also argued that home civil servants are not bound by the requirement to spend much of their time abroad which is one of the conditions of service in the Foreign Office, and are therefore likely to be less flexible about accepting Foreign assignments. Despite the ingenuity of subsidised accommodation and diplomatic allowances, some London-based civil servants are said to have balked at the offer of a Brussels posting, because of a Brussels posting, because of the domestic disruptions of going cables to ensure that they

# Greenland oil hunt may be postponed

COPENHAGEN, May 17

THE DANISH GOVERNMENT has postponed plans for a summer safety review of the oil fields in the wake of the blow-out.

Three groups, in which operators are Chevron, Arco and Mobil, have plans to sink this summer. The Government has set up a Ministerial committee to review safety procedures and to consult with the oil companies.

Under the regulations for exploration of Greenland, a mission is required for the sinking of each separate well. The procedure for authorising the sinking has not been completed any of the three wells planned this summer, according to Gert Vigh, head of the Government's Greenland Oil Department.

The outcome of the negotiations may depend on a meeting on Friday of the special committee, headed by the Minister for Green and seven Greenlandic politicians. According to reports from a majority of the Greenlandic favour postponement, and it is expected that the Danish Government will be reluctant to press ahead against the will of the Greenlanders.

# Denmark cut down payments deficit

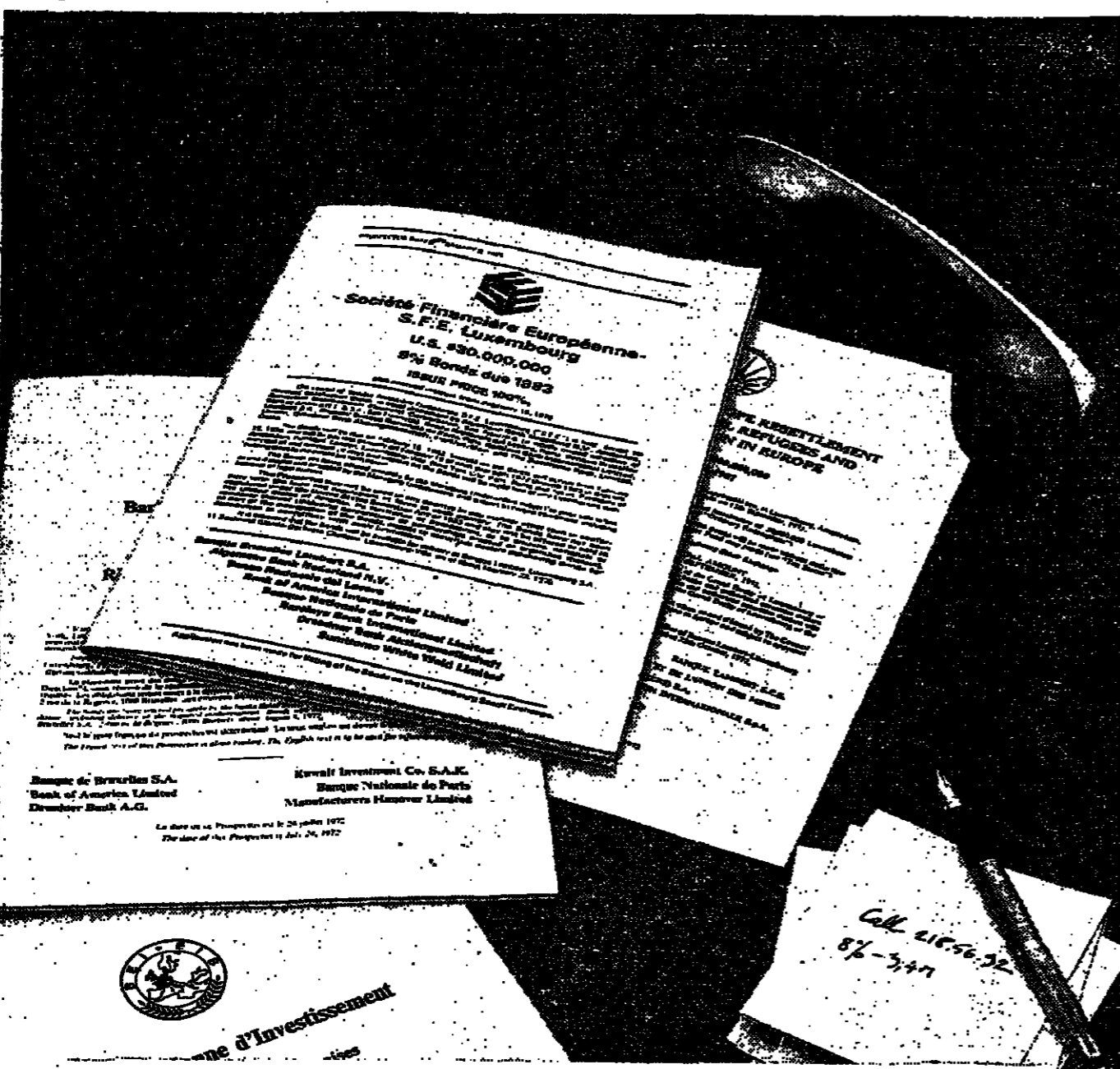
By Our Own Correspondent

COPENHAGEN, May 17

DENMARK'S first quarterly current balance of payments deficit came to Kr.3.1 (€300m), according to C4 Bank figures. This compares with a deficit of Kr.3,500 the same quarter last year and Kr.1,150m for the whole of 1976.

The Government aims to reduce the deficit for this year to Kr.2,500m. Finance Minister Knud Heinesen said that if there was a prospect of the deficit exceeding this, then it would be necessary to make adjustments in economic policy. But with unemployment running at 7.4 per cent. in March, the Government does not want to be forced to adopt new restrictive measures. Most forecasters expect that GNP this year will only increase by 1.1 to 2 per cent.

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# Greenland oil hunt may be postponed

## Strike paralyses northern Spain

**COPENHAGEN** BY ROGER MATTHEWS

THE DANISH government has announced that the hunt for oil in the Baffin Sea off Greenland will be postponed until next year. The decision was taken in the wake of a general strike in northern Spain which has paralysed the country's economy.

The strike, which began on Monday, is the first since the 1960s. It is being led by the Basque Nationalist Party (PNV), which demands independence for the Basque region. The strike has affected all public services, including transport, education and health care.

In northern Spain, the strike has led to a state of emergency. The authorities have imposed a curfew and have sent in troops to maintain order. There have been reports of violence and the death of several people.

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# Denmark down pay deficit

## Machel eases refugee line

**COPENHAGEN** BY OUR OWN CORRESPONDENT

DENMARK'S government has announced that it will reduce its budget deficit by 10 per cent in 1977. The government also announced that it will ease the rules governing the entry of refugees from Portugal.

The government's budget for 1977 has been approved by parliament. It includes a 10 per cent reduction in the budget deficit, which is expected to be 1.5 per cent of gross domestic product.

The government also announced that it will ease the rules governing the entry of refugees from Portugal. This is in response to the situation in Portugal, where there has been a large number of refugees fleeing the country.

The government's decision to ease the rules is expected to lead to an increase in the number of refugees entering Denmark. However, the government has assured that it will continue to maintain strict controls over the entry of refugees.

# Yugoslav air controller sent to jail

**ZAGREB**, May 16.

AN AIR traffic controller was jailed here today for seven years for criminal negligence which led to the world's worst mid-air collision in which 176 people died last September.

The Zagreb district court acquitted seven other flight controllers jointly charged with chief defendant Gradimir Tasic, 28.

The five-week trial followed a crash between a British Airways Trident and a Yugoslav DC-9 charter plane 33,000 feet above a village near here. There were no survivors. Passing sentence, Judge Branko Zmajevic said that flight controller Tasic had failed to follow regulation procedure for separating the two aircraft.

He said Tasic was late in recognising the planes were on a collision course and did not take precise measures in the crucial seconds before the crash. The dead included 107 West German tourists, 20 Britons and 20 Turks.

The judge said the five-man bench had established that Tasic gave the permission which led to the collision course with the Trident. The prosecution said his final plea had said that criminal negligence by all eight controllers caused the crash. It demanded that all be found guilty and punished.

A lawyer for Tasic said he would appeal against the sentence. British lawyer Richard Weston, who represented relatives of a British hostess killed in the crash, said after the trial that the court should have acquitted all eight controllers.

"There could have been some breaches of discipline and some human errors, but no criminal offence on the part of any of the eight," he said, adding that the sentencing of Tasic would put controllers throughout the world under pressure.

Reuter

Michael Donne adds: Greece may find itself increasingly cut off by air from the rest of the world this week as more individual airline pilots' associations obey the recommendation of the International Federation of Airline Pilots' Associations not to fly to that country while the current strike of air traffic controllers continues.

The Greek civil air controllers struck last week, for better pay and conditions of service, for a period of 10 days. The Greek Government immediately ordered military air controllers to take over. Italpa, which has been strongly criticised for its standards of safety at several Greek airports, including Corfu and Rhodes, immediately recommended all its affiliated pilots' associations throughout the world not to fly to Greece.

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# Carter call 'implies 3% defence costs rise'

**BRUSSELS**, May 16.

THE EUROPEAN members of NATO will need to increase their defence expenditure by at least 3 per cent in real terms if they are to meet President Carter's call for a modernisation of the alliance, according to Dr. Joseph Luns, the NATO Secretary-General.

This estimate has not yet been endorsed by the alliance as a whole, but NATO Defence Ministers are likely to agree that some real increase is required when they meet in Brussels next week for detailed discussions of President Carter's proposals here tomorrow.

The Ministers have two specific tasks: to produce a response to the President's call for greater co-operation between Europe and the U.S. defence procurement; and to begin work on a long-term defence programme for the 1980s.

It became clear at today's meeting of the 11-nation European group, which includes the European members of the alliance except France and Iceland, that the first is going to be far from easy.

Although Mr. Fred Mulley, the British Defence Secretary, urged the necessity of responding to the President as soon as possible, a number of other Ministers were considerably more sceptical as to whether Mr. Carter is really offering anything new.

It is also clear that the Europeans have still not identified specific projects on which they could ask the Americans to co-operate, either by agreeing to buy European, or by building European equipment under licence in the U.S.

Part of the problem lies in the special position of France which does not participate in the Eurogroup, but has been participating in the work of the independent European Programme Group. The latter was founded 18 months ago, but has still not fully identified its own defence requirements and is therefore not ready to engage in a dialogue with the U.S. The French are insisting that its identification of its own requirements—which could take at least another six months and possibly much longer—must be completed before any dialogue with the U.S. can be begun.

Some new impetus may come today when Mr. Harold Brown, the U.S. Secretary of Defence, addresses the NATO meeting. It is being noted, however, that even a modest increase in Mr. Roy Mason, the former British Defence Secretary, in 1975 that Europe and the U.S. submit each other shopping lists of defence equipment has still not been accepted.

# EEC budgetary financing agreement

**BRUSSELS**, May 16.

THE EUROPEAN Community is now free to move ahead at the start of next year with its long-standing plan to introduce a system for financing its budgetary expenditures entirely out of its own resources, following a compromise reached between Denmark, Britain and West Germany.

The Danish Government had withheld its approval of the plan as a protest against the present system of Monetary Compensatory Amounts (MCAs) which are paid out of the EEC budget to cushion the effects of currency fluctuations on agricultural transactions within the Community.

Denmark agreed to drop its blocking tactics after Britain and West Germany—the only countries to hold a strong brief for the MCA system—submitted statements declaring that they regarded MCAs only as a temporary expedient and not as a permanent fixture.

At the same time, the EEC Commission has said that it will unveil proposals next October for the application of a new "basket" unit of account to agricultural trade. These new arrangements would technically eliminate the need for MCAs, though the Commission has indicated that it would be prepared to see these being phased out gradually.

Though apparently enough to satisfy the Danes, the British statement on MCAs is highly qualified. While pledging to co-operate in the adaptation of current arrangements, the U.K. insists that due consideration be given to the maintenance of farmers' incomes at a reasonable level and to avoiding further sharp rises in British food prices which are at present heavily subsidised by MCAs.

The immediate result of the compromise is to allow the Nine to prepare for the introduction on January 1 of the new budgetary arrangements, under which member governments will channel to Brussels almost 1 per cent of the VAT collected on a wide variety of domestic goods and services.

This money will take the place of the contributions which have until now been paid directly out of national treasuries to supplement the EEC from customs duties and agricultural levies.

An increase in the proportion of VAT collections paid to Brussels by national governments has been proposed in a new study published today as one possible method of enlarging the financial resources available to the Community to combat economic divergence and under take a number of other economic tasks more effectively. The study, prepared at the request of the Commission by a group of experts headed by Sir Donald MacDougall, chief economic adviser to the Confederation of

# Soviet long term trade accord with Finland

**MOSCOW**, May 16.

A NEW stage in the close economic relationship between the Soviet Union and Finland is expected to be reached this week during the official visit to the Soviet Union of President Urho Kekkonen of Finland.

The Soviet Union and Finland are preparing to sign a 14-year agreement on trade, which will be part of a new agreement on economic, scientific and technical co-operation and will provide a framework for trade between the two countries. The trade agreement will be the longest-term economic agreement ever signed between the Soviet Union and another state.

Finland is the Soviet Union's fourth largest non-socialist trading partner. Trade between the two countries in 1976 reached almost Rouble 2.5bn and the value of total trade is expected to increase to Rouble 2.2bn this year.

Finnish commercial sources expect the new trade agreement to benefit Finland by establishing the framework for long-term energy purchases at a time when Finland faces serious inflation and by regularising export to the Soviet Union, particularly of ships, which the Soviets have tended to purchase late in the course of respective five-year plans.

The new long-term agreement will not differ in principle from five-year Finnish-Soviet trade agreements which have been in effect since 1951. It does, however, hold out the prospect of closer economic co-ordination between the two countries because it is long term. The Soviet Union is already Finland's largest trading partner and Finland imports crude oil, all products, gas, timber and electricity from it.

President Kekkonen arrives in Moscow tomorrow and is expected to spend a week in the Soviet Union in his first official visit for several years.

# Haferkamp riposte to EFTA

**BRUSSELS**, May 16.

CLEARLY stung by what it considers a provocative display of irreverence by the EFTA countries towards the higher aspirations of the EEC, the European Commission today unleashed a riposte designed to show that the Community is more than just another free trade area.

The Commission's diplomatic counter-offensive took the form of a carefully worded statement by Herr Wilhelm Haferkamp, the Commissioner for External Affairs, which welcomed the results of last Friday's EFTA summit in Vienna but which also left no doubt that the two economic groupings differ fundamentally in their aims and practices.

While applauding the forthcoming removal of the remaining tariff barriers between the EEC and EFTA next July 1, Herr Haferkamp noted pointedly that tariff-cutting alone is not enough to ensure free trade. He added that the EEC must continue and extend co-operation with EFTA on a pragmatic basis, "if necessary outside the framework of the free trade agreements."

More specifically, the Commission has disclosed that it is studying proposals for bilateral co-operation agreements between the EEC and individual EFTA members in such areas as the environment, surface transport and shipping. It hopes to have these proposals ready to submit to governments of the Nine next month.

Such proposals, it is felt in Brussels, would constitute a friendly and practical gesture but would also underline the Nine's capacity to tackle jointly problems beyond tariff-cutting. By offering its assistance to EFTA members bilaterally, the EEC would tacitly be reminding these countries that they lacked common policies in these areas.

Commission officials have been prickled by suggestions emerging from the Vienna meeting, and notably from the mouth of Austrian Chancellor Herr Bruno Kreisky, that the EEC has had

# Major wages row threatened in Sweden

**STOCKHOLM**, May 6.

A MAJOR conflict between Swedish employers and unions could erupt later this week despite reluctance on both sides. The employers' association SAF today gave only conditional acceptance to the arbitrators' compromise wage settlement proposals.

SAP said it wanted a simultaneous agreement with both the blue collar and white collar federations, and would not give the guarantees on future wage increases asked for by the arbitrators, saying the minimum wage level for low-paid employees was too high.

The Labour Federation, LO, which had accepted the settlement immediately called a strike by 7,000 of its members for Wednesday, if agreement is not reached by then.

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AMERICAN NEWS

RAY WEAPONRY COULD ANNIHILATE SATELLITES

THE GROWING volume of reports in recent months that the two super powers are working on ray weapons to attack objects in space indicates an immediate threat to the reconnaissance, communications and early warning satellites which form a large part of the strategic nervous systems of the two countries, and a longer term possibility of destroying incoming missiles in space, which would challenge the whole concept of deterrence.

The USSR has been testing high-energy lasers, from its Semi-palatinsk base in Central Asia. The U.S. budget for military laser research this year is \$261m, and Dr. George Hellmeier, Director of the Capital Defence Advanced Research Projects Agency recently reported to Congress a fundamental breakthrough in stepping up laser power. An American vehicle-mounted laser has shot down target helicopters at a half mile range, and work is going ahead on a lightweight chemical

laser which could be tested in space in the early 1980s. Since January U.S. Air Force sources have been warning urgently that the Soviet Union is working on an even more powerful ray weapon, the "charged particle" or proton beam. Leaks to the respected technical journal Aviation Week led in early May to the publication of a sensational article alleging that American satellites and infra-red sensors had detected at least seven Soviet tests of such a weapon since November, 1975.

High-energy laser weapons offer the possibility of immediate destruction at virtually unlimited range. According to Dr. Hellmeier they can be used to detonate missile warheads in space, disrupt communications, and destroy bombers. However, they need to be based in space for maximum efficiency and require precise detection of the target and exact aiming to be effective. The proton beam is potentially an even more serious challenge to the current assumption that missiles will always get through (through the

technical problems of perfecting it are even more formidable). It can be ground-based and it may not need an elaborate system of target detection and aiming to be effective. It has been suggested that by sweeping it very rapidly back and forth across the whole sky a curtain of energy could be created at a height of several thousand miles which would detonate any warheads passing through it. If that is so, it would constitute the first truly workable defence against ballistic missiles.

Car union leader attacks Carter rebate proposals

BY DAVID BELL

MR. LEONARD WOODCOCK, the retiring president of the United Automobile Workers Union, sharply attacked the Carter Administration's energy plan on the week-end, saying that the provision to pay tax rebates to buyers of small, foreign-made cars "makes absolutely no sense."

The essence of the proposal which was also attacked yesterday by Mr. Thomas Murphy, the chairman of General Motors, is that buyers of large "petrol-guzzling" cars should have to pay a stiff new tax, while buyers of small cars should get a tax rebate to encourage a switch to more economical models.

but this might well have been a breach of international agreements. Mr. Woodcock said that the net effect of this would be to aid car imports at the expense of the U.S. car industry and the jobs of his members. He said that it was most unlikely that foreign manufacturers would agree to hold imports no more than the level of 1976 cars reached last year, and that foreign car sales this year were already 250,000 ahead of a comparable period in 1976.

YOU NEED not be particularly cynical to suspect that the recent flood of revelations about Soviet work on ray weapons is connected with bureaucratic infighting in the U.S. Administration.

The key fact about laser and proton-beam weapons is that they could challenge the hitherto unstopable long-range missiles on which both the U.S. and Soviet Union base their deterrent strategy. In that case, far more dependence may have to be placed on low-level systems for delivering nuclear weapons which could sneak beneath the radar-plus-ray-weapon defences of the 1980s—bombers and cruise missiles. The U.S. Air Force has been privately agitated by Soviet work on ray weapons for at least two or three years, according to General George Keegan, until last December the head of Air Force Intelligence, but only now has it chosen to leak information to the public.

Defence revolution

BY GWYNNE DYER

is the timing of these revelations unconnected with Air Force anxiety that Mr. Carter might negotiate away the present American advantage in cruise missiles in the SALT talks. This provides ground for doubt that the USSR could deploy operational anti-ballistic missile (ABM) defences, based on lasers and/or proton beams as early as the 1980 date suggested by some U.S.A.F. sources.

Ray weapons represent the gravest threat to strategic stability for the past two decades, no matter who gets them first. They raise problems in three major areas, firstly, their effect on the existing ABM treaty between the super powers. The 1972 treaty contains ambiguous language which can be taken to outlaw so-called "exotic" ABM systems, but the U.S. and the USSR signed the Treaty only because the primitive ABM systems it was designed to prevent were utterly ineffective.

Little serious thinking has yet been devoted to these problems. What is clear (as the U.S. Air Force has already discerned) is that there would be far greater military activity in space, and a much greater stress on bombers and cruise missiles. There would be a correspondingly greater emphasis on air defences, and very high attrition rates in all offensive systems. In that context, it is particularly significant that the cost of mass-producing cruise missiles could be as low as \$200,000 each.

It is of course possible, though improbable, that ray weapons cannot be made operationally effective in military roles in the near future. It is more likely that the super powers may choose to forgo them by treaty, though a degree of pessimism much be allowed.

EPA emission controls

BY STEWART FLEMING

NEW YORK, May 16.

THE U.S. Government's Environmental Protection Agency (EPA) is proposing new regulations designed to put increased pressure on motor companies to ensure that their cars meet air pollution standards throughout their useful lives.

Mr. Douglas Costle, an EPA administrator, said that a guarantee to car owners that their cars will, if properly maintained and operated, be repaired free is a powerful inducement to manufacturers to make cars capable of meeting emission control standards throughout their useful lives.

PAN AM forecast

PAN AMERICAN World Airways Inc. chairman, Mr. William Seawell, told the annual meeting that trends established in 1976 continued in first quarter 1977 and were expected to continue for the rest of the year.

WHEN THE WATERS OF THE GULF CAN'T COOL IRAN'S GIANT NUCLEAR PLANTS, WE CAN.



The plan was to cool the two new plants at Bushehr on the Iranian coast with enormous amounts of water from The Gulf. But on some days, The Gulf is just too warm to do the job.

So the German company that's building Iran's huge nuclear power plants turned to Syracuse, N.Y. They contracted with Carrier International, a subsidiary of Carrier Corporation, to design and build the world's largest centrifugal cooling machines to take over for The Gulf and cool the reactors that will supply Iran with 2,400 megawatts of electricity.

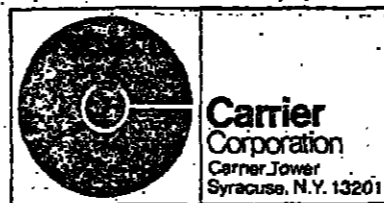
We're proud of the respect our engineering ability commands internationally. But there's a larger point here. Nuclear power development is moving ahead worldwide. And Carrier Corporation is moving with it.

Similarly, Carrier International has become the major factor worldwide in the soaring markets for all kinds of air conditioners and refrigeration equipment—accounting for 25% of Carrier Corporation's sales.

We believe our success overseas is a reflection of what Carrier Corporation is all about. We deal with energy ideas the world can use. Ideas that are at work in oil, gas and petrochemical production; waste handling; refrigerated food shipping; electronics; and of course, the widest range of high-efficiency heating and cooling equipment for residential, commercial and

industrial uses. Fifteen separate divisions, operating in 131 countries, serving hundreds of markets.

We've built a strong, growing business by helping to expand the world's supply of energy and by helping people to use it more efficiently. So when The Gulf at Bushehr is too hot to cool a nuclear reactor or the Taj Mahal needs air conditioning, we get the job.



CARRIER CORPORATION. ENERGY IDEAS AT WORK.

General Electric may enclose production of N-reactors

BY STEWART FLEMING

NEW YORK, May 16.

GENERAL ELECTRIC, the second largest U.S. supplier of nuclear reactors, has warned the Government that because of legal and policy restrictions on nuclear technology it may eventually stop manufacturing reactors.

The company disclosed that it had passed the warning to James Schlesinger, the Administration's senior energy official, at a meeting on March 10.

General Electric has invested heavily in nuclear energy systems, but it has reported to shareholders that the nuclear division of the company showed a loss in 1976 and is not expected to make a profit for several years.

A General Electric spokesman said that the company is concerned about the legal, political and regulatory situation surrounding nuclear energy. He claimed that the company has experienced a net decrease in the number of new reactor orders in the past three years, and that the industry could not continue for ever in this declining situation.

Several hundred demonstrators occupied a nuclear plant in Seabrook, New Hampshire earlier this month were arrested. Some 500 were released over a week-end after 12 days of occupation.

The anti-nuclear demonstrators have maintained that the Seabrook demonstration is only a beginning of what they hope will develop into a well-organized anti-nuclear lobby. Sen. Frank Lautenberg, a nuclear power will use the so-called civil disobedience technique in the past in the U.S. by groups supporting racial integration or opposing the Vietnam war.

While it is far from clear that there is the support in the country for a concerted campaign of this sort, companies involved with nuclear energy are concerned about what they perceive to be a growing threat to their expansion. Particular concern has been the lengthening in time it takes to secure nuclear plants licensed in the U.S.

An intense debate about the safety of nuclear reactors has been underway in the United States and the clash between licensing procedures ahead.

NYC in stock tax move

BY OUR OWN CORRESPONDENT

NEW YORK, May 16.

A FEDERAL Appeals Court ruling against U.S. Steel for polluting Lake Michigan has been described by the Environmental Protection Agency (EPA) as "the biggest single clean-water victory to date" in the U.S.

The ruling reaffirmed an EPA requirement that U.S. Steel reduce drastically by July 1 the discharge of pollutants from its Gary, Indiana, works into the lake and the Grand Calumet river.

The EPA order would force the Gary plant, which discharges 75m. gallons of polluted water daily into the lake and the river to comply with the 1972 Federal Water Pollution Control Act. The order calls for a 60 per cent reduction in ammonia; a 90 per cent reduction in phenol and a 99 per cent reduction in cyanide discharges by July 1.

U.S. Steel has been fighting the order for more than a year. A U.S. steel spokesman commenting on the latest ruling said that there are still several legal avenues open to the company. He added that U.S. Steel is prepared to install corrective equipment but that this would take three to four years.

Venezuelan corruption attacked

BY JOSEPH MANN

CARACAS, May 16.

THE VENEZUELAN Comptroller General's office asserted in its annual report to Congress that public sector corruption and deficiencies in Government administration seriously interfere with Government development programmes.

reports on over \$20m. in payments, some of which go back as far as two years. Since 1974, Venezuela's central Government alone has managed budgets totalling \$80m. including other multi-billion dollar expenditures made by independent Government agencies.

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OVERSEAS NEWS

Waldheim warns of disaster in Rhodesia

WASHINGTON, May 16. R. KURT Waldheim, the UN secretary-general, told a conference here today that a grave international disaster could occur if efforts to find peaceful solutions in Rhodesia and Namibia (South-West Africa) were not accelerated. But President Samora Machel of Mozambique said that the peoples of Rhodesia and Namibia have no alternative to armed struggle, and we believe it is a mistake to speak of peaceful solutions when there is war. However, guerrilla wars and international pressure had made the situation "favourable for negotiations," he said. The two men were addressing the first session of a six-day conference, sponsored by the UN and intended to mobilise international support for black majority rule in the two territories. Dr. Waldheim said: "Unless we accelerate efforts to find just and peaceful solutions, the unacceptable situation in Zimbabwe (Rhodesia) and Namibia, I fear that a disaster of grave dimensions will occur which will have repercussions far beyond this region." The delegates represent nearly 90 UN members and black nationalist movements. In his address, Dr. Waldheim said it was regrettable that every attempt to find a solution in Rhodesia over the last two years had been frustrated by the illegal regime and its refusal to accept reality. Instead, the government of Mr. Ian Smith "has escalated repressive policies leading to senseless killings and forcing the people of Zimbabwe to intensify the struggle." He accused Rhodesia of repeated acts of aggression against the neighbouring black African states of Mozambique, Zambia and Botswana, and of causing severe loss of life and property. Our Foreign Staff adds: The Maputo conference, convened following a UN resolution in December to express solidarity with the peoples of Zimbabwe and Namibia, is expected to end with a declaration firmly opposed to continuing white rule in Rhodesia, Namibia and South Africa itself. However, the declaration will be endorsed by consensus so that although the U.S. and all nine members of the European Community are represented, no positive vote or veto will be necessary. It will be presided over by Ted Rowlands, junior Foreign Office minister. Mr. Andrew Young, U.S. ambassador at the UN, was expected in Maputo last night following his talks with U.S. Vice President Walter Mondale in Lisbon at the weekend.

Quentin Peel assesses the referendum on the Turnhalle conference's constitutional plans for Namibia

An interim formula for an interim government

THE WHITE electors of Namibia, or German South West Africa as some still call it, go to the polls today in a quandary. They are being asked to approve or reject in a referendum a formula for an interim Government in the territory which it is drawn from the white population, who number some 100,000 out of a total population of a mere 280,000. There is, however, little doubt about the outcome. The referendum is expected to show widespread support for the South African-sponsored Turnhalle constitutional conference, which would provide for an ethnically-based administration with each of 11 ethnic groups retaining a veto on any decision. A "yes" vote for the Turnhalle proposals is being actively campaigned for by the territory's ruling National Party, which has been heartily endorsed by the principal opposition party, the Federal Party, and is only opposed by the far-right-wing Herstigte Nasionale Party (the "purified" national party). Leaders of the National Party have travelled thousands of miles in the past six weeks explaining to small meetings of sheep and cattle farmers just why they have decided there is a need for change, and why they have abandoned their former policy of seeking closer and more permanent links with the Republic of South Africa next door. Opponents of the NP see the referendum as purely an attempt by the party leaders to win a mandate from their members for a policy vote. But, and more specifically white economic power. What has thrown progress towards an ethnically-based independence (excluding Swapo) out of joint has been the sudden intervention of five Western members of the UN Security Council—Britain, Canada, France, the U.S. and West Germany. But whereas once the whites in Namibia wanted those powers involved to prevent an escalating guerrilla war in Namibia, many now see the latest moves as an unwarranted interference. Whatever the private feelings of the Western powers (some are clearly attracted by the Turnhalle power-sharing formula), they do not believe that solution is internationally acceptable. For a settlement to have their blessing and support it must include open elections for a constituent assembly, in which Swapo as well as other political parties must be involved. So the white voters are no longer sure whether they are voting for the basis of a new system, or just a defunct document. Conversation with whites in the territory produces the overwhelming impression that very few have really thought through the consequences either of the Turnhalle proposals, or of a more traditional form of major-

ity rule, as sought by Swapo. What the Turnhalle conference has not even begun to spell out is where economic power will lie under its elaborate constitutional model. Black leaders like Chief Clemens Kapuno, of the Herero tribe, maintain that their people are expecting a real redistribution of wealth as a direct consequence of the Turnhalle system. Such sentiments are still only expressed in slogans such as "equal pay for equal work"—a principle which has been publicly endorsed by the conference—without any policy having been formulated. Articulate black exponents of the Turnhalle model claim that although it allows the whites the power of veto they will not in practice be able to use that power whenever they might want, however unpopular it makes them, and therefore the system does allow a real transfer of power. The vast majority of white businessmen, on the other hand, are backing the Turnhalle just because they believe it will prevent any radical change in economic decision-making. They see the future of the territory clearly in terms of free enterprise versus Swapo socialism. If the current Western initiative for a compromise settlement in the territory were to find a universally-acceptable basis for the elections, including Swapo, and the nationalist movement were to win, as its supporters confidently predict, few businessmen have worked out how it might affect them. Because of the present uncertainty, investment is at a standstill, and the property market is virtually stagnant. However, only a few whites are actually emigrating. One important reason for the absence of a mass exodus appears to be confidence that South Africa would not allow a "hostile" regime in the territory, and is certainly not going to abandon its very substantial investments, especially its massive military bases along the Angolan border. Observers estimate that the South African Defence Force has spent R58m (£35.6m.) on the Drumpel base at Grootfontein, and also has a major air base at Mpaacha in the Caprivi Strip, both of which contain considerably more hardware than would be necessary to fight a guerrilla-containing operation. On the other hand the current South African willingness to entertain Western proposals for a settlement in line with UN preconditions is undoubtedly influenced by the cost of the guerrilla war, which has been put at R500,000 (£30,000) for every guerrilla killed. Mr. Vorster himself currently seems more concerned not to be seen to be interfering in the decisions of the Namibian people, than to be insisting on an acceptable outcome. The Western diplomats admit that their initiative is insisting on a new start on a constitutional conference, based on free elections, rather than on arbitrarily selected ethnic delegations like the Turnhalle. But they also insist that they do not want "to emigrate." One important reason for the absence of a mass exodus appears to be confidence that South Africa would not allow a "hostile" regime in the territory, and is certainly not going to abandon its very substantial investments, especially its massive military bases along the Angolan border. Observers estimate that the South African Defence Force has spent R58m (£35.6m.) on the Drumpel base at Grootfontein, and also has a major air base at Mpaacha in the Caprivi Strip, both of which contain considerably more hardware than would be necessary to fight a guerrilla-containing operation. On the other hand the current South African willingness to entertain Western proposals for a settlement in line with UN preconditions is undoubtedly influenced by the cost of the guerrilla war, which has been put at R500,000 (£30,000) for every guerrilla killed. Mr. Vorster himself currently seems more concerned not to be seen to be interfering in the decisions of the Namibian people, than to be insisting on an acceptable outcome. The Western diplomats admit that their initiative is insisting on a new start on a constitutional conference, based on free elections, rather than on arbitrarily selected ethnic delegations like the Turnhalle. But they also insist that they do not want "to emigrate." One important reason for the absence of a mass exodus appears to be confidence that South Africa would not allow a "hostile" regime in the territory, and is certainly not going to abandon its very substantial investments, especially its massive military bases along the Angolan border.



China takes hard line—U.S. must leave Taiwan

BEIJING, May 16. CHINA will not normalise relations with the U.S. unless it is given the free hand to take over Taiwan, by force if necessary, Chinese Vice-Premier Chi Teng-tse said on Sunday in an interview with the Tokyo newspaper "omiuri," published today. "America talks about attaching the condition that the settlement of the Taiwan question should be peaceable," Chi said. "This is interference in our internal affairs. It is a thing that will be decided by China itself. From our viewpoint, there are three conditions for normalising relations in Taiwan. I even believe that liberation may not be possible unless it is a military liberation by our own efforts." Chinese communist leaders use "liberation" to mean incorporation of Taiwan into the rest of China. Chi said that, on Taiwan, "China is not going to bargain over principles." "In the normalisation of relations with the U.S., the remaining question is the disposition of Taiwan," the Chinese Vice-Premier said. "The Chinese position is based on three conditions—first, withdrawal of American troops from Taiwan; second, abolition of the U.S.-Taiwan defence treaty; third, an absolute break in U.S.-Taiwan diplomatic relations. If these conditions are not satisfied, normalisation is impossible." UPI

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OKLAHOMA CITY	KANSAS CITY
ONTARIO (Calif.)	LAS VEGAS
PHILADELPHIA	LOS ANGELES

Somalia warns Ethiopia

MOGADISHU, May 16. SOMALIA will go to war if Ethiopia invades the strategic territory of the Afars and Issas (Djibouti) after it comes independent from their socialist masters next month, Somali President Mohamed Siad Barre told visiting reporters here. Somalia would not hesitate to go to war "if the people of the area ask us," he said. Ethiopia and Somalia have a long standing dispute over Somali claims to the Ogaden region of Ethiopia. Djibouti, the majority of whose population is related to the Somalis, is Ethiopia's main access to the sea, and is sandwiched between the two socialist states. The Somali President said he had arranged a secret meeting between himself and the Ethiopian leader Col. Mengistu Haile Mariam in Addis Ababa during the Cuban leader's African tour in mid-March, as reported last month in the Financial Times. "Unfortunately no agreement was reached," General Siad Barre said. Somalia could not believe in Ethiopian socialism "if he who applies socialism is mad then it is a mad socialism," he said. "We don't believe in killing and

India 'excesses' inquiry

NEW DELHI, May 16. A delay in announcing the inquiry because the Government had wanted to present concrete evidence to the commission and collecting this had taken time. At least two other similar commissions are to be appointed to inquire into deals that Sanjay Gandhi made for his Maruti motor company (which is on the point of liquidation) and corruption charges against Mr. Beni Lal, former Defence Minister, who was a close associate of Mrs. Gandhi's son. Turning to other issues, Mr. Desai denied that the Government was inactive on economic questions such as inflation and industrial policy. The formulation of policy out of the "debria left to us by the previous Government" and its execution took time.

Phalange-Syria talks

BEIRUT, May 16. DELEGATION from the Phalange Party, Lebanon's main Christian group, returned to Damascus today for talks with Syrian officials following two days of clashes between Syrian troops of the Arab League and Christian gunmen in north Lebanon. The party had expressed great anxiety over the clashes, which were set off when two Syrian soldiers were killed and three wounded on Saturday in an ambush at the village of Billa, in the Bahari district, about 70 miles north of here. Bahari is the Christian Maronite heartland in the north. Additional Syrian troops were sent to the area yesterday and mounted a major security operation against what an official announcement described as "members of an armed gang."

Pakistan army... The PAKISTAN Embassy in London has denied as false the report, carried in yesterday's Financial Times, that at least seven senior officers in the Pakistan army had resigned in protest against repression by the government of Mr. Z. A. Bhutto. Officers have, resigned, the embassy said.

Going into town... at this point you will have walked less than 100 yards since leaving the plane. By which time you'll appreciate why TWA carries more scheduled passengers across the Atlantic than any other airline. They make it so easy! Call your travel agent.

Nº1 across the Atlantic

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WORLD TRADE NEWS

Japan and U.S. close to pact on television imports

BY CHARLES SMITH

TOKYO, May 16.

"No serious problems" remain in the way of an agreement for the voluntary restraint of Japanese colour TV exports to the U.S....

The definition reportedly says that kits which are exempted from the restraint agreement must lack nine basic parts...

Sony has its own assembly and tube manufacturing plants in San Diego, California. Matsushita acquired Motorola's TV manufacturing interests two years ago...

U.K. deals in Egypt expected

By Anthony McDermott

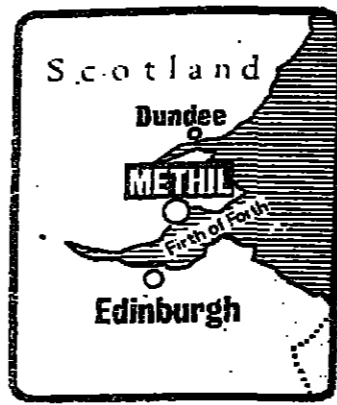
BRITISH companies are on the verge of a breakthrough in joint ventures with the private sector in Egypt...

So far three projects have been approved. But to-day the Egyptian Parliament approves amendments to Investment Law 43 which will in future make such operations easier...

HOME NEWS

Redpath to pay off 500 in Methil yard rundown

BY RAY PERMAN, SCOTTISH CORRESPONDENT IN METHIL



REDPATH DORMAN LONG is to pay off 500 men at the end of the month when it puts its oil platform construction yard at Methil, Fife, on a care and maintenance basis...

150 technical staff, apprentices and maintenance workers will be retained. The company is competing with three British and one French yard for a contract from Conoco for the Methil field...



SIR RICHARD MARSH "Need for some dialogue"

Steel consumers appoint Marsh

BY GERRY BUTCHER

SIR RICHARD MARSH, chairman of the Newspaper Publishers Association, a former Labour Minister and ex-chairman of British Rail, has been appointed chairman of the British Iron and Steel Consumers Council.

The council is an independent body set up at the time of steel nationalisation to represent the interests of British steel-using industries.

As Minister of Power, Sir Richard was in charge of piloting the Steel Nationalisation Bill through the House about 10 years ago. He said in London yesterday that he hoped to "revitalise the Council after its year of just ticking over."

Mr. Frye died last year and because it was hoped that the European Coal and Steel Committee would look after consumer interests, the council became comparatively dormant. The appointment, which is unpaid, was expected to be confirmed by June, but Sir Richard said yesterday that he was taking up his position immediately.

Anglo-German trade gap widens

BY GUY HAWTIN

FRANKFURT, May 16.

FIRST QUARTER trade returns show that Britain's exports to West Germany continued upwards, albeit at a rather slower pace than in 1976. On the other hand, there was a strong surge in shipments of the federal republic's goods to the U.K.

are usually far from permanent and this type of growth is precisely the sort that British trade officials have been seeking. At the same time, this year's expansion should be judged against the extraordinarily high level of growth recorded in the opening months of 1976.

cent. sales increase to the U.K. should be seen against the background of average 10.2 per cent. West Germany first quarter export growth. At the same time, the 18.4 per cent. increase in imports from Britain during the period under review was considerably steeper than the overall 11.1 per cent. growth in West German imports.

Overseas investment still rising

BY GUY HAWTIN

FRANKFURT, May 16.

WEST German capital investment overseas last year continued upwards despite continued restraint in industrial investment at home. At the end of 1976 the Federal Republic's total investment overseas reached DM147bn. (£11,585bn.).

world was coupled with the need for reconstruction at home. Investment in industrial investment at home. At the end of 1976 the Federal Republic's total investment overseas reached DM147bn. (£11,585bn.).

investment overseas. Some DM13bn. was invested in the U.S. while DM317m. was channelled to Canada. Brazil was also a major investment target with a total inflow from the Federal Republic of DM577m. Belgium and Luxembourg received DM508m. France DM367m., the Netherlands DM224m., Switzerland DM131m., and Curaçao DM236m. Against these figures, West German interest in investing in Britain was slight.

Easier on the explorers

BY DAVID WHITE IN RIO DE JANEIRO

THE BRAZILIAN GOVERNMENT is ready for a second attempt to reduce the oil majors. Its first round of negotiations for exploration contracts, in which promoters are to bear all the risk, turn over any productive wells to Petrobras, the state-controlled oil company, and he paid out of the proceeds, has just been completed. The next round may be easier.

and Exxon in the same kind of package as oil. BP and Shell are due to start drilling this year. Elf and Exxon in 1978. The same companies may be involved in discussions for oil areas, which are likely to focus on the two offshore regions that attracted the first bids. These are the mouth of the Amazon, where Shell and Elf will operate, and the Bay of Santos in the southeast. Brazil's Petrobras chairman said earlier on an offer would include those where there were already signs of oil, but not those where oil had actually been found.

off Campos, north of Rio de Janeiro, is expected to start producing early next year, eventually reaching an estimated 45,000 bpd. The company and its subcontractors have drilled 48 wells in the region with a success rate so far of 35 per cent., and the British ship Wimpsey Seafair has been conducting further geological surveys. The four Rio de Janeiro fields of Garupa, Namorado, Batejo and Encinosa provide Brazil with its biggest hope of measuring up to its oil problem. But progress has been slow.

Growth forecast

Though estimated reserves went up 12 per cent. last year—its invitation, first made over a year ago, for foreign companies to present their credentials in readiness for negotiations, Gen. Araken de Oliveira, the chairman, has said between 18 and 25 million acres. Deadlines and pay conditions have been eased, and companies have gained rights to any gas they find—the first three contractors subject to further agreement with Petrobras.

Plans to reduce Brazil's oil needs by mixing car petrol with a 20 per cent. dose of alcohol are also well behind. The Government has earmarked over \$700m. this year for special programmes using sugar cane and other plants, but the necessary production level of 3.9bn. litres a year is not expected to be reached until three years after the target date of 1980. Brazil oil requirements, which have hit the country over \$300m. a year in imports since 1974, continue to rise. Petrobras has scheduled crude purchases of \$2.15bn. for the first half of this year. Consumption in the first quarter rose by 3.35 per cent. on one side to ration petrol and on the other to spot the São Paulo car factories, drew up an elaborate plan at the beginning of the year, imposing a compulsory two-year deposit of two cruzeiros (10p) a litre on motorists, only to abandon it a week before it was due to go into force. President Geisel said the

scheme was shelved because other measures, like speed limits, prohibitive prices and weekend closures of petrol stations, had succeeded in keeping consumption down. Many think it more likely that it was just not a very sensible scheme. Oil usage, as a share of total energy, was cut back a little last year to 42.5 per cent. from 44.3 per cent., according to government figures, and the aim is to reduce this to 35 per cent. by 1985. But because of Brazil's reliance on road transport, and the high cost of building railways, there is little prospect of being able to reduce absolute consumption figures.

Still looking

While foreign companies for the first time, prepare to get drilling equipment into place in Brazilian waters, Petrobras is busy looking for oil sources in other countries. Its overseas subsidiary Braspetro spent almost \$42m. last year, it already produced oil in Guyana, locally, and is considering going into Ecuador. It is due to go into production in Algeria in a joint venture with Sonatrach, and has indicated an interest in a sale of oil to the Philippines. The company is also looking for oil in the North Atlantic. The Brazilian, who had to carry the biggest burden of any Third World country, thing it is time they at least got something in return.

Airline expands cargo operations

By Christopher Dunn

BRITISH CALEDONIAN, the U.K.'s second biggest international airline, is to expand its cargo operations from June 1. The new freight service, Africargo, will operate between London and Tripoli and will use Boeing 707-300C freighters. This adds to the airline's cargo fleet which was boosted recently by the introduction of two DC10-30s on the West African run.

First Frigg field gas flare lit

BY RAY DAFTER, ENERGY CORRESPONDENT

THE OPERATORS of the Frigg Field have started producing gas from the large reservoir which will eventually increase the British gas industry's supplies by nearly one-third. Gas from the first production well is being flared into the atmosphere on a test basis as the first of two pipelines to St. Gerard, Scotland, is prepared.

Partners in the Frigg venture are: U.K. sector—Total (33.33 per cent.), Elf Aquitaine (16.66 per cent.), Norwegian sector—Aquitaine Norge (13.33 per cent.), Elf Norge (27.67 per cent.), Statoil (5 per cent.), and Total Marine Norge (20.71 per cent.). Statoil and Norsk Hydro—on behalf of the respective partners in the Statoil and Petrolnord groups—have agreed to co-operate in a demonstration of deep-water pipeline repairs.

Aveling wins £4.5m. contracts

BY GUY HAWTIN

AVELING MARSHALL, the Gainsborough, Lancs., concern, saved from closure 18 months ago when it was taken over by British Leyland's special products division, has won bulldozer orders from Pakistan and Kenya worth £4.5m. Kenneth Gould, Aveling Marshall's managing director, representing the biggest orders in its history, drew another indication of AM's dramatic revitalisation. Its turnover this year should be £14m. against only £2.5m. at the time of the takeover, while the planned 1977 investment programme has been increased to £5m. and brought forward.

Under a unique unitisation agreement all the gas will flow to the U.K. British gas will pay slightly less for 40 per cent. of the output—the amount lying in U.K. waters. The gas corporation is a monopoly buyer of U.K. gas reserves, but has to pay open market prices for gas in the Norwegian sector. Much of the £1.5bn. Frigg development work is now complete. Five of the six fixed structures are in place. The other—a gas treatment platform which will be positioned on the Norwegian side of the median line—will be completed in Norway and should be towed to the field in the middle of June.

Water has already been pumped through the 22-mile line to the well, and the line is now being dried with methanol, a treatment that should be completed within a fortnight. Gas extracted from the British sector of the field should begin flowing to Scotland within the next two months. The field has an estimated 5,000bn. cubic feet of reserves, about 60 per cent. of which lies in the Norwegian sector. Under a unique unitisation agreement all the gas will flow to the U.K. British gas will pay slightly less for 40 per cent. of the output—the amount lying in U.K. waters.

Debenham's £7m. plan

BY GUY HAWTIN

DEBENHAM'S, toswich, designed a £7m. redevelopment scheme. Mr. Peter Carr, group personnel controller, said the store could manage with 100 fewer employees during the three-year rebuilding, but "we have a loyal staff and it would have been socially and morally wrong to make any redundant."

Battleaxe day

BY GUY HAWTIN

BATTLEAXE, the second of the Royal Navy's Type 23 frigates, will be launched by Mrs. Audrey Callaghan, wife of the Prime Minister, at the shipyard of Harland & Wolff, Southampton.

Data plan for car population

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A STATISTICAL service which will help car and component manufacturers to identify exactly what vehicles are on the roads at any time is being launched by the Society of Motor Manufacturers and Traders. The Motor Vehicle Registration Information Scheme, as designed to break down the vehicle population—commonly known as the "park"—in great detail. It will show cars by engine, fuel and body type, and identify whether they have automatic or manual transmission. When the service is established, it will also be possible for companies to get a precise idea of the rates of swapping for particular vehicles by comparing already existing new car and truck sales data with the new statistics. This promises to end the myth of long-life and reliability of certain vehicles and replace them with hard facts. The implications of this development, which probably the most detailed analysis available on any car park in the world, are recognised that there is a large scale drift of second hand cars out of London to the provinces market, but no one knows quite how big it is. The survey would show the best areas to advertise replacement new vehicles. The service is similar for the society's members; it is therefore opening it to outside subscribers. It believes the market research groups, finance houses and insurance companies may be interested. The service could be of use to tow planners, who are often looking at traffic movements without a clear idea of what vehicles are registered in a particular area. One exercise on the distribution of cars in the London area has already been carried out by Mr. David Gent, the society's deputy director. "The pattern in cars was remarkably even, but we found that the commercial vehicles registered in the London area tended to be the smaller ones."

New actuaries indices format

BY ERIC SHORT

THE ACTUARIES indices to-day show an entirely new format for presenting gilt-edged price indices and yields, providing a more comprehensive pattern of movement within the gilt sector. The past few years have seen investors, individual and corporate, pay much more attention to the investment prospects of the gilt-edged sector, with consequent demands for a more detailed picture of market movements over the short and the long term. The new format now shows price movements for each sector of the market—short, medium, long and irredeemable—as well as for the whole market. In addition, gross redemption yields, which measure the overall return on a gilt stock including capital profit, are shown not only for term to redemption, but for the level of coupon. The new indices will enable a more detailed analysis to be made by portfolio managers in assessing performance of their gilt holdings. They have been calculated internally since December 31, 1975, when the base value of 100 was taken, and will provide an independent measure of the average market performance against which the manager can assess his own performance. The table shows values of the indices and yields at specific dates prior to publication.

Table with columns for 1976 and 1977, and rows for Price Indices (Under 5 years, 5-15 years, Over 15 years, Irredeemables, All stocks) and Fixed Interest Yields (1 Low 5 years, 2 Coup. 15 years, 3 25 years, 4 Med. 5 years, 5 Coup. 15 years, 6 25 years, 7 High 5 years, 8 Coup. 15 years, 9 25 years, 10 Irredeemables).

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HOME NEWS

Liberal opposition threatens water nationalisation plan

BY STUART ALEXANDER

PROSPECTS of the Government nationalising 28 private water companies dimmed yesterday when the Liberals confirmed that they were still firmly opposed to any such move.

Provisions for taking over the companies were expected to be included in a White Paper due to be produced in about a month. The White Paper would also propose the setting up of a National Water Authority to replace the existing National Water Council, the new body having far more say in overall planning. At present planning is largely left in the hands of the regional water authorities.

Reaffirmed

The Liberals are understood to have reaffirmed their position to Mr. Denis Howell, the Minister responsible, after a meeting of the party in the Commons on Wednesday.

They also said that they would like to reserve their position on the Waterways Board in view of their desire to see canals integrated more fully into the transport system.

No statement has been made by Mr. Howell's department, but it is thought that as long as the Government is committed to full consultations with the Liberals that "by and large" they were cheaper than the water authority originally made the first approach—the passage of the

Bill would be made impossible if it were to contain the Government's previously stated plan to nationalise the companies.

Opposed

The companies themselves are vigorously opposed to any take-over and fought the move from the start. The Water Companies Association said yesterday that the existing co-operative arrangements worked well and that any future joint enterprise on a local grid system could also be put into operation.

The private companies operate in all areas except the North-West and South-West. Most were formed in the mid-19th century, are publicly quoted and limited by statute.

No accurate estimate has been made of the cost of taking them over, but it is thought that it could be as high as £450m.

They supply more than half the water in the Northumbria region and Wessex, just under half in the Southern region and a substantial percentage in Thames. Bristol is totally supplied by a private water company.

The companies fix their own charges, but both dividends and surplus levels are limited by statute. They claimed yesterday that "by and large" they were cheaper than the water authority originally made the first approach—the passage of the

Axle deal could aid Rubery's prospects

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

A DEAL is in the offing which could strengthen the position of Rubery Owen, the important West Midlands motor components supplier.

Talks are under way with the U.K. subsidiary of Eaton Corporation of the U.S. for the acquisition of the axle housing manufacturing facilities at Rubery Owen's Darlaston plant. About 4,000 people, nearly a quarter of the total manual labour force at the plant, would be affected.

For Eaton an agreement would provide extra capacity to improve penetration of the European lorry axle market. The viability of Rubery Owen's Darlaston plant was placed under threat earlier

this year by a succession of damaging strikes. However, Mr. John Owen, the managing director, said last night that the level of orders was now satisfactory and employment prospects stable.

Cash injection

Both companies have refused to divulge details of the talks, but it is hoped that they will be concluded within the next few weeks.

It seems likely that any deal would provide a valuable cash injection for Rubery Owen to bolster its activities in supplying components, fuel tanks and wheels to the motor industry. The holding company for the

Rubery Owen group has a 25 per cent. shareholding in Eaton Axles, the U.K. subsidiary which would take over the Darlaston axle housing facilities. The link, formed five years ago, will continue.

Eaton Axles has manufacturing facilities at Aycliffe and Warrington employing some 1,500 people.

The Darlaston plant supplies housings to other companies such as Ford and Leyland, as well as to Eaton. All contracts would be honoured, Eaton said last night.

A deal would make the U.S. subsidiary virtually self-sufficient in axle housings, but it would continue to expand supplies to other companies.

£12m. for medical electronics

BY DAVID FISLOCK, SCIENCE EDITOR

EMI IS investing £12m. a year to research and develop in medical electronics—nearly half of its total research budget—already installed.

It was announcing the latest development in its EMI-Scanner series of computerised X-ray instruments, which is claimed to halve the time in which patients can be examined. The company has more than

200 EMI-Scanners of all types in order, worth an estimated £44m. in addition to more than 600 already installed.

The new scanner is being used to launch a new drive for export orders, focussing on Europe, Australia, and some Pacific islands were back to with the complete system has normal yesterday after the end-embarked on a tour of leading European medical centres, starting in Münster, West Germany.

Mail 'normal'

AIR MAIL services between Britain, Australia and some Pacific islands were back to normal yesterday after the end-embarked on a tour of leading European medical centres, starting in Münster, West Germany.



The 1977 Scimitar GTE: well established.

Reliant may soon change hands

BY TERRY DODSWORTH AND TERRY WILKINSON.

OWNERSHIP of the Reliant Motor Company, the Staffordshire-based maker of the Scimitar sports car and Robin three-wheeler, may change in the next few days.

Reliant is the second-largest indigenous-owned British car company after British Leyland. It said yesterday that talks were taking place which might result in an offer "appreciably below" the market value of the shares.

The Hodge Group, which was taken over by Standard Chartered Bank a few years ago, holds 77 per cent. of Reliant equity.

There have been suggestions that this ownership pattern has not worked to the advantage of Reliant, which has all its interests in the engineering field. It is, therefore, likely that the switch in ownership would be away from banking and towards the engineering sector.

After a loss of £815,000 in

1973/4 Reliant recorded a profit of more than £500,000 the following year. In the financial year to February 1976 it swung back to a loss of nearly £900,000. It last paid a dividend two years ago, after a gap of two years.

In the six months to last August the company reported losses reduced to £350,000 from £419,000—all sustained in vehicle manufacture.

Reliant seems to feel, however, that the worst of the recession is now behind it. Its problems in the early part of last year were partly due to the introduction of the revised version of the Scimitar, and work on the new Kitten four-wheeler. These are now both well established.

Difficulties remain with the Robin three-wheeler, which has suffered a 30 per cent. fall in production this year (in the first four months of this year the company made 2,500).

The main reason for this, the company said, was the financial constraints on the smaller income groups which buy three-wheelers. This situation was in hand after the introduction of a voluntary redundancy scheme for about 130 workers.

Reliant has shown strong expansion ambitions this year in spite of the problems which hem in small car companies these days.

News that the offer would be below the current market price brought a 1 1/2p fall in Reliant share prices to 5 1/2p, at which the group is capitalised at £1.3m.

EMI puts £6m. into Christie film

BY ARTHUR SANDLES

EMI is to make its biggest investment with a £6m. cinema version of Agatha Christie's Murder on the Nile. The project is a follow-up to Murder on the Orient Express, which had a distributors' gross of \$40m.

The film will be wholly financed by EMI and will be directed by John Guillermin, who made Towering Inferno, a film which will be produced by John Brabourne and Richard Goodwin.

The new project was unveiled in Cannes yesterday by Mr. K. Cohen, chairman and chief executive of EMI Films.

It has been known for some time the company was planning a successor to the hugely successful Orient Express, but the scale of this particular investment has come as something of a surprise.

Blockbuster

Clearly the company is planning something of a blockbuster with Murder on the Nile, which will have to take around £20m at the box office before coming into profit. Much of this would come from U.S. distribution.

EMI is planning to film third Agatha Christie story, under the Sun.

The company has announced that it intends producing the film Atlantis in the U.S. shortly. Atlantis will be produced by Mr. Michael Dee and Mr. Barry Spinkings, managing directors of EMI Film Distributors, and the men who joined EMI when it bought British Lion.

Mr. Deeley and Mr. Spinkings have had two previous successes in the Atlantis mould, the last Time Forgot and At Earth's Core.

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Examples: Retailers or trade suppliers offering credit, banks, finance houses, pawnbrokers and money-lenders, check traders, motor dealers, mail order firms, credit card issuers, life insurers, mutual loan clubs, firms offering loans to employees.
\* You hire out, lease or rent goods to others.
Examples: TV's, cars, office or factory equipment or plant, vending machines.

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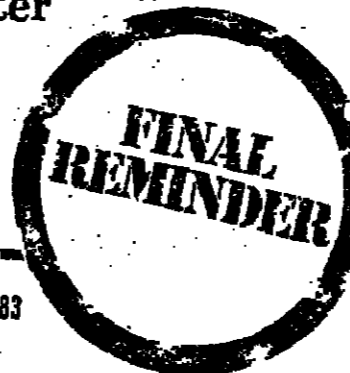
This is to ensure that dishonest traders can no longer profit from people's ignorance, or give the credit business a bad name.

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Remember: without a licence, your credit or hire activities could well be illegal.

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Transport White Paper delayed until mid-June

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

THE WHITE PAPER on transport policy, promised for publication this month, will not appear until mid-June at the earliest.

Two reasons were being given in Government circles yesterday for the late change of plan, which came after weeks of confidence in the Department of Transport that the timetable for the policy statement was being comfortably met.

First of all, it is said, President Carter's visit and the economic summit in London last week absorbed the attention of Ministers. Consequently they at only this week being given copies of the paper.

Secondly, there is the worsening dispute in the Government Stationery Office, which has convinced the Department of Transport that it cannot hope to

TV not thought harmful to children—survey

BY DAVID FREUD, INDUSTRIAL STAFF

A SURVEY by Conservative women indicates that most people believe the vast majority of television programmes have no harmful effect on children.

Findings on The Media and the Family will be presented with 10 other public opinion topics to the Conservative women's annual conference at Central Hall, Westminster.

The two-day conference, starting next Tuesday, will devote most of its time to discussing the 11 topics.

This year the agenda contains only two motions. The first urges taxation changes for pensioners, widows and one-parent families, while the second calls on the Conservative Party to

Turnover of catering trade rises 15%

TURNOVER of the catering trade in the first quarter of the year was 15 per cent. above that in the same period last year, according to the Department of Trade.

This was 4 per cent. higher than the figure for the last quarter of last year and a little more than 7 per cent. above the average level for last year as a whole. The figures are seasonally adjusted and at current prices.

The biggest rise (23 per cent.) was recorded by licensed hotels and holiday camps. The smallest rise (13 per cent.) was recorded by public houses.

Domestic furniture deliveries rose to an estimated £71m. in March, according to Department of industry figures issued yesterday. This is about £7m. above the February figure and £12m. above deliveries a year before.

Copy 1250



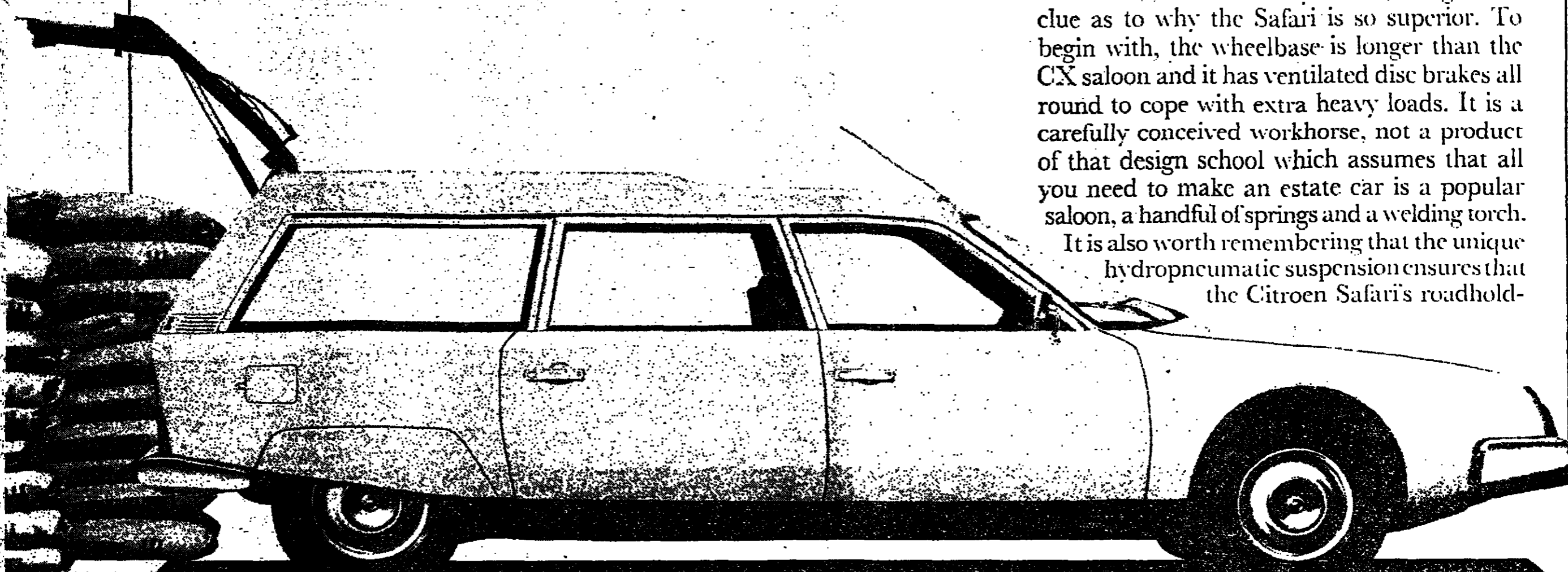
# CITROËN CX SAFARI.

A different kind of animal.

**I**F YOU load half a ton of cargo into the back of an ordinary estate car, you tend to turn it into a two-wheeler with its nose in the air. Yet despite its aristocratic lines, the Citroën CX Safari steadfastly refuses to consider such an option, and remains perfectly level regardless of its burden.

In fact, it is those very lines which give the clue as to why the Safari is so superior. To begin with, the wheelbase is longer than the CX saloon and it has ventilated disc brakes all round to cope with extra heavy loads. It is a carefully conceived workhorse, not a product of that design school which assumes that all you need to make an estate car is a popular saloon, a handful of springs and a welding torch.

It is also worth remembering that the unique hydropneumatic suspension ensures that the Citroën Safari's roadhold-

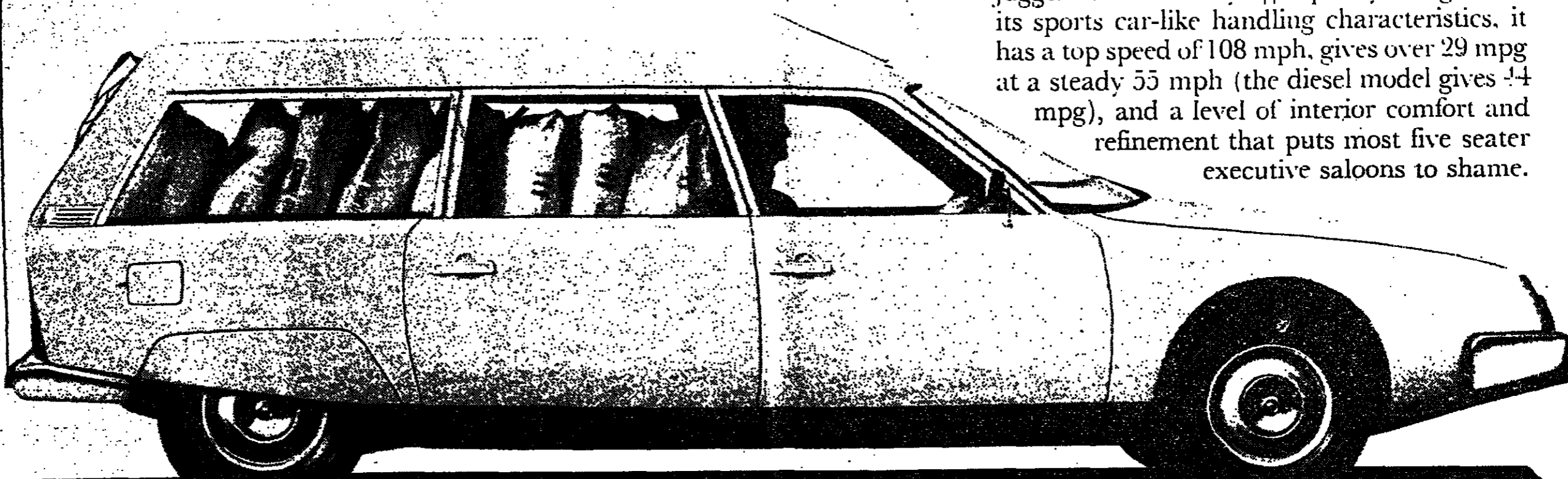


## YOU CAN LOAD IT UP

ing and handling are unwaveringly accurate whether the full 75.16 cu.ft. load capacity is being used or not.

And then there is VariPower steering. Featherlight VariPower steering makes the Safari as manoeuvrable and nimble as many small cars for town driving and tight parking. As you go faster the steering gets progressively firmer with increasing "feel", so you retain full control at all speeds. The wheels are not deflected by stones or irregularities in the road surface. For the motorist, it means effortless driving not only in town but mile after mile on a long run.

Yet the CX Safari does not merely offer juggernaut-like carrying capacity. To go with its sports car-like handling characteristics, it has a top speed of 108 mph, gives over 29 mpg at a steady 55 mph (the diesel model gives 44 mpg), and a level of interior comfort and refinement that puts most five seater executive saloons to shame.



## BUT YOU CAN'T WEIGH IT DOWN.

Luxury in an estate car? Well, Citroën reasoned that since the load compartment at the back of their Safari was so much better than those of other estate cars, it was only fitting that the same should be said about the people compartment at the front:

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CITROËN CX SAFARI

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light beam  
survey  
featuring  
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PARLIAMENT and POLITICS

Callaghan denies campaign against ambassador

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AMID HEATED scenes in the Commons yesterday, the Prime Minister rejected Conservative demands that he should make a personal apology over allegations that there had been a campaign against Sir Peter Ramsbotham...



MR. WILLIAM WHITELOW "A disreputable affair"

Mr. Whitelaw was supported by Mr. John Davies, shadow Foreign Secretary, who described as "thoroughly bad bit of work" the recommitments which had followed last week's announcement that Sir Peter Jay, Mr. Callaghan's son-in-law...

did not hold these views about Sir Peter and confirmed that he had telephoned him on Thursday to tell him so.

But Mr. Whitelaw pointed out that remarkably similar stories written by reputable journalists had appeared in London and the provinces simultaneously last Thursday afternoon.

The Prime Minister replied that although the headlines were similar, the reports themselves did not coincide. One London evening paper had carried the story first and had been followed by its rival in a later edition.

Mr. Callaghan said that the Press secretary at No. 10 was a reputable and honest man who stood high in his profession.

Mr. Blaker told the Prime Minister that the political correspondent of the Press Association had reported on Thursday that Mr. Jay had not the job in Washington because of discussions "We have got to see the risk is minimised and, if it does happen again, that our resources are adequate."

In reply, Mr. Callaghan said that Mr. Blaker had made Mr. McCaffrey out to be the originator of the campaign and had then had the impudence to complain about attacks on Sir Peter Ramsbotham.

Tories seek Drax B tenders clarification

BY IVOR OWEN, PARLIAMENTARY STAFF

MANY MPs seemed surprised in the Commons yesterday when Mr. Alex Eadie, Under-Secretary for Energy, indicated that competitive tenders will be invited for the contract for the Drax-B power station estimated to cost £600m.

Mr. Eadie recalled that he had from Woodrow Wyatt to the Financial Times putting the "understood" that this would be the procedure followed.

Mr. Eadie said that the Cabinet split over the Drax-B issue was reflected in a question by Mr. Richard Kelsey (Lab., Don Valley), who asked if an answer were given, it would likely increase the price as a result of the ordering of Drax-B.

There was laughter when Mr. Eadie blandly answered: "I am not a member of the Cabinet."

Mr. Dennis Skinner (Lab. Bolsover) complained of a "chorus of propaganda" ranging from Woodrow Wyatt to the Financial Times putting the "understood" that this would be the procedure followed.

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'Episode has left a nasty taste'

IN THE Lords, Lord Carrington, Opposition leader, said he welcomed the Prime Minister's statement. "But the whole of this episode has left a very nasty taste in my mouth."

Lord Carrington said he had known Sir Peter Ramsbotham for over 40 years. "I regret and deplore that so distinguished a servant of this country should be subjected to the sort of comments that have been made."

For the liberals, Lord Byers endorsed what Lord Carrington had said and added: "We acquit the Prime Minister of responsibility for any type of smear campaign against the ambassador. But it does seem equally clear that such a campaign was organised from somewhere and to that extent we deplore it."

Lord Byers said it was unlikely that pursuing the matter would be very profitable as it would be very difficult to prove or disprove allegations of that sort. He suggested that the matter should be allowed to settle.

From the crossbenches Lord Sherfield said that many personal responsibility for the slur, Government briefings and whatever its origin, on Sir Peter, and regretted the handling of this might impose on Mr. Peter Jay on taking up his appointment.

An end to the Lobby system was demanded by Lord Boothby in a Lords question tabled yesterday.

He is to ask the Government whether, "in view of recent events, they will know bring what has become known as 'the lobby system' to an end and whether Ministers, while retaining public relations secretaries and assistants, will in future accept personal responsibility for all Government briefings and statements made to the Press."

Mr. Alan Beith (L. Berwick) who said the Police Federation's case was that they were entitled to £6 under Phase One of the pay policy as well as a rise in 1975 as a "catching up" operation.

Mr. Fergus Montgomery (C. Ayr) stressed the police were not trying to break the incomes policy. Their growing militancy reflected the view that, without the right to strike, they were very much "in the lap of the authorities."

Mr. Eric Heffer (Lab., Walton) said it would be "a very good and useful thing" if the Police Federation was affiliated to the TUC. This would not mean it would have to adhere to a particular political party.

It was understandable that policemen were beginning to demand the right to strike. They were ordinary flesh and bones. Mr. George Thompson (SNP, Galloway) said he had been told that day of a policeman who had left the force to work on a farm. This would never have happened if the force were supported by the support of society and of MPs.

Mr. Eldon Griffiths (C. Bury St. Edmunds), an adviser to the Police Federation, said the mood of the police was one of "deep and dangerous frustration" with growing anger and despair.

Mr. Alex Eadie, Under Secretary for Energy, announced in a programme already announced in the House that he was being kept under review by my Advisory Council on Research and Development (ACORD) who also advise on the level of R and D funding appropriate to each energy source.

Mr. T. H. R. Skeet (Con. Bedford), How much money has been allocated in the past year for which figures are available to the Government, for research into energy conservation, and what are the organisations receiving state funds for this purpose?

Mr. Alex Eadie, Public expenditure on energy conservation R and D, defined here as excluding the alternative energy sources, totalled about £18m in 1976-77. This figure includes considerable expenditure in the nationalised industries. Much of this work is carried out by departments and nationalised industries themselves but work is also contracted to many other bodies including research associations, research councils, universities and industry.

Mr. Michael Brotherton (Con. Louth), What is the biggest single donation from members of the public that has been received to relieve the National Debt?

Mr. Joel Barnett, Chief Secretary, The largest single donation from the public for the reduction of the National Debt was about £527,000 given in 1923 by Lord Incheone in memory of his daughter, the Hon. Elsie Mackay. This sum was to be accumulated for not more than 50 years and then applied in reduction of the National Debt. By March 31 1976, the original sum had accumulated to the value of £4,039,000.

Mr. Robert Sheldon, Financial Secretary, told the Commons yesterday: "Employers should therefore be able to use the new codes not later than the first pay day after May 31," he stated.

Pressing for action which would enable lone parents to obtain the benefit of the additional tax reliefs provided in the Budget as speedily as other categories of taxpayers, Miss Jo Richardson (Lab., Barking) asked if they could be coded with an H (normally indicating married allowance) or a special suffix.

Mr. Sheldon replied that the practicability of allocating suffix H to codes containing the additional personal allowance had been under consideration for some time. While no firm decisions had been taken, it was probable that this would be done from 1978-79.

It should then be possible, he said, to give effect to increases in this allowance for nearly all concerned as quickly as increases in the other allowances and without the need for tax code action in each individual case.

Written Answers

ENERGY

Mr. Peter Rost (Con. South East Derbyshire): Is the Secretary of State satisfied with progress to date on the development of alternative renewable sources of energy?

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Benn wants to improve oil blow-out resources

ENERGY SECRETARY Mr. Anthony Wedgwood Benn made clear yesterday he was not satisfied with resources available to tackle any further North Sea oil blow-out.

Asked in the Commons about oil pollution and the Ekofisk Bravo platform blow-out, he said the Norwegians had proposed a June conference for further discussions. "We have got to see the risk is minimised and, if it does happen again, that our resources are adequate."

Mr. Benn said he had made clear his views in a speech to the Scottish TUC. "I have called in the oil companies to discuss the possible implications of the dispute," he added.

Mr. Benn said: "I am determined the oil companies should, with the Government, take the necessary precautions to minimise what must be a continuing risk. No-one can guarantee against either a human or technical accident."

Mr. Denis Canavan (Lab. W. Strathclyde) said that British Helicopters, the firm serving North Sea oil rigs, was involved in a dispute with its pilots and Mr. Benn should tell BP it should not be using a company which tried to use "jack-boot tactics" against the trade union movement.

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When you fly UTA, you'll probably be in the air at least 7 1/2 hours. So you'll want nice surroundings for interiors are by Isabelle Hebey - France's best. Legroom (our DC10's have only 27 1/2 seats). Entertainment (we provide in-flight movies, 7 channels of stereo music, and magazines). And you'll want the finest food.

UTA - The long distance French Airline

FRANCE AIR

North Korean won at 2,092 roubles. With the pound standing at 125 roubles the following relationships obtain: 1 rouble = 1.25 pence; 100 roubles = 12.50 pence; 1 rouble = 1.25 pence.

Rate is the Transfer Market (controlled). Rate is now based on 2 Barbados \$ to the dollar. New one official rate.

Two-bank system introduced April 25. Rate is for revenue non-essential imports and tourism. Rate for essential imports 1:50.

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# The Norwich way to international finance is through A P Bank.

Right at the heart of the City money markets at No. 7 Bishopsgate is one of London's established international banking organisations: A P Bank.

- 1 BILL THORPE Foreign Exchange Manager
- 2 PETER BECKETT Chief Foreign Exchange Dealer
- 3 PAUL BISHOP
- 4 NICK GLOVER
- 5 BRENDAN LYNCH
- 6 KEITH BENNETT
- 7 PETER DUNN Exchange Dealers
- 8 KATHY CHESHIRE
- 9 MARGARET BOHLE Overseas Telex Link Operators



Here in the dealing room the A P Bank currency men are in constant touch with money markets all over the world.



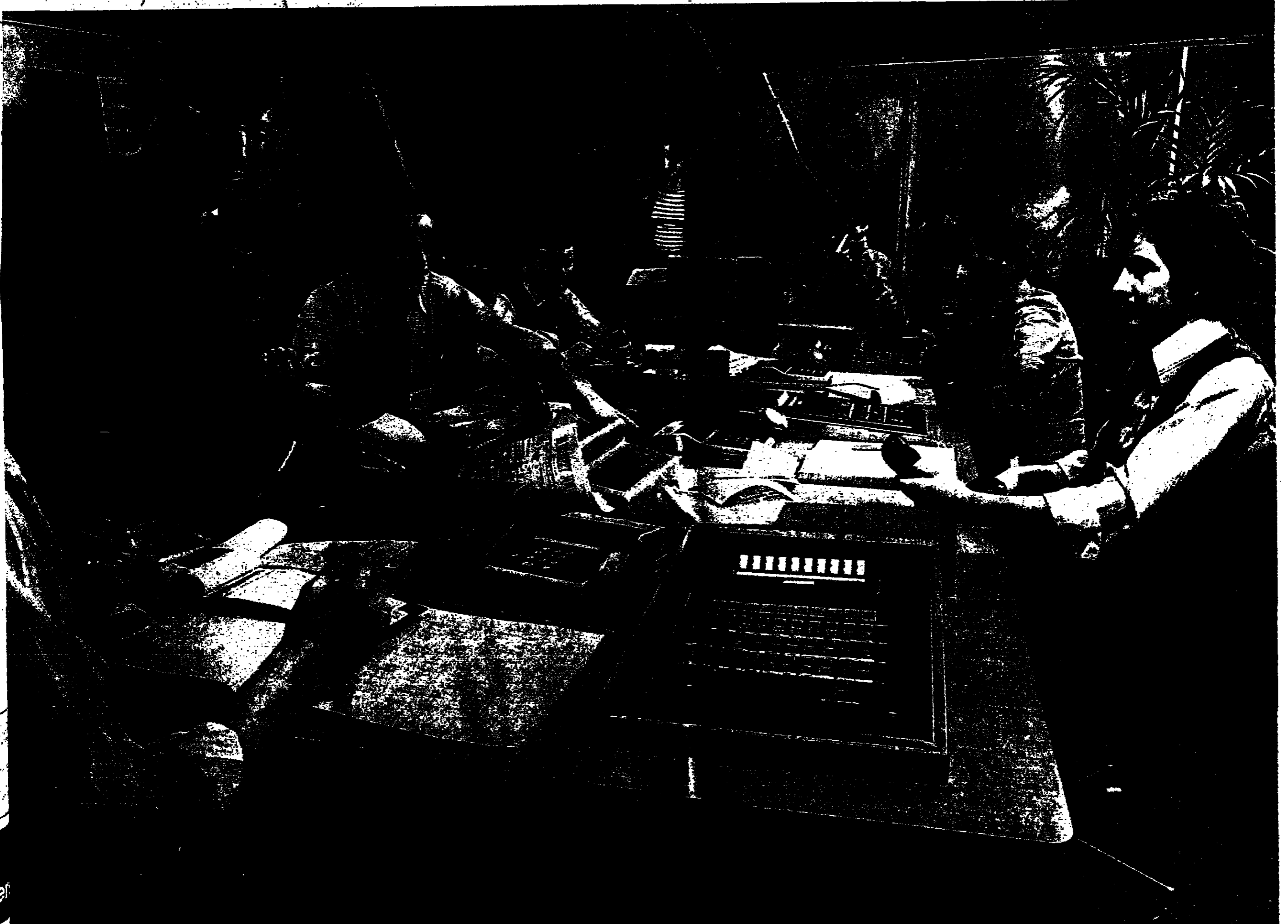
As an authorised bank A P B has built up a particular expertise in foreign exchange, moving quickly and decisively in today's fluctuating currency markets. Their membership now within the Norwich Union Insurance Group

creates a particularly appropriate partnership. The Norwich way of doing things is the A P Bank way of doing things. The accent is on personal contact with people who are experts in their field.

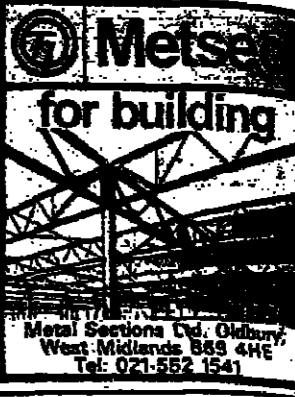
At A P Bank, every customer's account is the direct responsibility of a senior manager. The bank's full range of operations includes every aspect of domestic and international finance, with specialist services in foreign exchange, arbitrage and Euro-currency transactions.

So banking forms another link between Norwich Union Insurance and the City of London.

Whether you're looking for a personal endowment policy, a company pension scheme or export finance in any currency, you can get it the Norwich way.







### HANDLING

## Folding palletised container

LAUNCHED yesterday at the Mechanical Handling Exhibition (MHE), Birmingham, May 16-17, is the 'Folding Pallet' container, an integral part of a new system which is claimed to be the first heavy duty pallet container which can be folded flat in one piece, without requiring the aid of a crane.

A three-section, four-way end pallet is permanently secured to the base flaps of the triple-dim fibreboard container. Main flaps are taken by the two outer sections, while the third flaps, both flaps, it is secured one, has a groove into which the other flaps, forming a seal and central support.

By unclipping the connection the entire container can be folded flat. For delivery a storage, the folded container is interlocked and delivered in packs of 30, saving on transport costs. Small quantities are available. The containers are made of ISO types, or to customer requirements. They are stated to be sufficiently strong for most applications.

Details from the maker, Walf Containers, 1, Molton Street, London W1P 5AA (01-474-2111).

### GRAPHICS

## Speeds the lettering

THE GRITZER drawing board lettering machine put on the market by G.M. Technical Services of Barnet is aimed at speeding the productivity of draughtsmen by reducing the time needed to annotate drawings.

It takes the form of a thin typewriter that can be fixed to any board or drawing machine including track-parallelism mode. A self-inking pad ensures that well produced consistent characters are printed so that copy prints can be made in a few minutes.

A range of eight standard boards in 3.5 or 2.0 mm size is available and there is choice of letters. Figures and symbols to suit particular applications—for example, electric circuit drawing. One of 14 standard keyboards is fitted and special symbols can be printed on request. More details on 01-440 0919.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

### METALWORKING

## Cast iron scrap recycled

FOUNDRY customers are being offered their own cast iron borings back in piglet form to provide a reliable product of known quality and at considerable savings by Wellman Ferrous Processors in a new service.

Piglets, which measure 80x42x25mm, are forged at high temperature after de-oiling. They can be used to replace up to 50 per cent expensive pig-iron and all cylinder block scrap.

General application is as an alternative to low phosphorus pig-iron or scrap, but the range currently covers castings in BSS grades 10 to 23. In making valve bodies (pressure tested) BSS grade 17, piglets can replace all cylinder scrap and 60 kilos of pig-iron per 500 kilo charge with a claimed saving per tonne of metal at the point of £2.47.

Capupaks of known analysis plus alloy, carbon or other additives to customer needs simplify handling, storage and charging. Three tonnes requires only a square yard of floor space.

Among the types of piglet produced are those with a 4 per cent plus carbon content to replace a proportion of special pig-iron and "specials" with a carbon content of around 10 per cent for carburising and re-alloying in the steel industry.

A plant is being built to make piglets from cleaned swarf as an alternative to pig-iron and cylinder scrap for use in steel and iron foundries. Because it is primarily a system that recycles valuable materials the export potential is being vigorously pursued through the offer of plants with production rates of up to 25 tonnes an hour. Export inquiries for piglets amounting to about £500,000 were received at Foundry 77 exhibition just ended. More from Wellman Ferrous Processors, Cornwall Road, Smethwick, Warley, West Midlands, B66 2TU. PETER CARTWRIGHT

### PROGRAMS UP TO FIVE AXES

LATEST IN the range of numerically controlled vertical milling, drilling and boring machines from Beaver is a twin head version of the NCSB, intended primarily for volume production of complex parts.

The 5 hp spindle drive heads incorporated speed selection from the NCSB. The machine control system provides three axes, positioning, with linear and circular interpolation on any two—both spindles move on the Z

axis together. As an option, a time shared fourth axis arrangement gives NC positioning to the knee, so that control can be imparted to five axes. NC or CNC systems are available.

The heads, which are fitted with power operated drawbar tool clamping, are mounted on a single rigid Y-section casting. The spindle speed range is 5 to 4000 rpm, with a choice of 55 pre-set speeds selected from tape command. The selected speed and tool number is indicated by a digital display on the head-stock.

Table area is 56 x 10 inches, traverse 31.5 inches, cross-traverse 13 inches, and quill-traverse 6 inches.

Details from Beaver Machine Tool Sales, Sweet Briar Road, Norwich NR6 4AJ (0603 410631, 410631).

### Friction screw press

THE FIRST Vancori friction screw presses to be installed in the U.K. are being used to produce cutlery-blanks at Nickel Blanks (Sheffield).

This company says that the presses are faster and quieter in operation than the drop hammers previously used, creating a more pleasant working environment, and helping the company comply with Sheffield industry noise by-laws.

Another advantage is that operator-training is simpler with presses than with hammers. Two presses have been installed, with screw diameters of 150 and 180 mm, and nominal pressures of 200 and 300 tons. The speed of impact is slower than that of drop hammers, resulting in a reduction in shock and stress. Automatic or single stroke electro-pneumatic control allows blow energy and stroke to be adjusted. An electro-pneumatic brake acts on the flywheel.

These presses are available with forging pressures ranging from 100 to 2,100 tons. More information is available from the U.K. agent, Erfurt Machinery Overseas Close, Sheffield S11 9N (01-474-0879), a W. E. Norton Group company.

### PRODUCTION CONTROL

## Shop floor master-mind

A JOINT development programme by ICL and Vickers Engineering with support from the Department of Industry has resulted in a system package called OMAC intended for optimising manufacturing control in medium sized engineering companies.

Aimed mainly at 400 existing 2903 users in manufacturing, OMAC complements the existing ICL manufacturing systems—System 10 SAFES at the lower end of the market and NIMMS at the upper end. It is expected to be applicable when the order of 50,000 piece parts are involved.

OMAC is implemented with VDU production office terminals backed preferably by simple electronic data collection units on the shop floor, although basic data can be fed in from departmental offices.

All the necessary information concerning the flow of work, components, materials and processes is entered into the computer and at the VDUs executive personnel are able to get the necessary data to take actions which, in the last analysis, will maximise profits.

ICL likens the effect of using OMAC to that which a one-man business experiences—selecting the facts are to hand.

Furthermore, there is no question of the company having to alter its technique to suit the computer. OMAC can be made to fit the user's requirements—not a prime feature of some earlier systems.

There are five modules covering the essentials of manufacturing: bill of materials—the list of components, sub-assemblies and electronic data collection units done on them to yield the finished product; stock control—devoted mainly to the art of holding just sufficient materials and components to meet orders; requirement planning—basically the balance between order, intake and manufacturing capability; work in progress monitoring; and product costing.

The modules may be implemented separately but will always completely inter-relate; data arising in one will be exactly accounted for in any other.

South Wales Switchgear, a Hawker Siddeley company, is the first commercial user, running the package on its recently acquired 2903 machines. Half-a-dozen other orders have been placed and ICL expects to sell about 60 packages in the coming year. OMAC costs about £200/month excluding all hardware.

At present with the secretariat of the EMRB at the Department of Industry is a series of projects in the 'thermal' properties of polymers. This first year's work will cost £40,000 and the funding may be increased.

BPF and the Gauge and Tool-makers Association are undertaking a demand study, in which RAPRA is closely involved.

This work, if it is approved, is expected to be of particular interest to injection moulders, and is said to involve technical developments which should show significant cost savings by easing production restraints in mould manufacture. A further announcement on this project is expected from YPEU in two or three weeks.

### PROCESSING

## Adhesives applicator

PROBLEMS CAUSED by inflammable solvents in open cans of adhesive, and by the need to project adhesives through the standard paint spray gun, are claimed to have been solved by an adhesive applicator system developed by Kymatin Spray Painting Equipment.

A spray projector, consisting of an airstream, fluid nozzle, and needle, gives greatly improved break-up of particles, particularly with adhesives which tend to 'chatter'. For applications where spray is not suitable, such as dowels and edges, tongues and grooves, a manual system is available on a pressure pot, fluid lines, and basic applicator which can be fitted with rollers, head and line applicators, and brushes.

Where glue or adhesive can be obtained in large containers, the company's dispensing equipment can be installed which will pump the fluid to a number of applicator stations. This allows the adhesive to be stored in a building meeting the safety regulations.

Details from the maker at 339, Yeovil Road, Slough, Berkshire, SL1 4JA (Slough 38143).

By agreement between the Financial Times and the BFC, information from The Technical Page is available for use by the Corporation's Export Services as source material for its overseas broadcasts.

### DATA PROCESSING

## Towards the ten-second 'fax'

SUCCESSFUL development of a ten-second 'fax' is being pursued by the Government under a joint print quality programme which has enabled Muirhead to incorporate advances in one of its latest equipment which allow the unit to accept and deliver a page in only ten seconds.

The company is just moving into promotion and selling of the equipment which combines word processing with document capture and runs over leased lines or other forms of networks, both between a company and its subsidiaries and with other organisations outside the company network.

Muirhead, which still dominates large areas of the market for facsimile devices, including a 95 per cent claimed share of the market for newspaper page transmission equipment, sees in this new form of fax, the system for the future.

It allows operators to key in messages on VDU and keyboard and relevant documentation at full speed and will store a large amount of data to transmit immediately to one or several destinations, as the priority and line availability dictate.

At the other end, if the VDU objection to the liquid crystal display watch—that it cannot be seen in the dark—is now being overcome by the installation of "everlasting" tritium-gas phosphor light sources that need no batteries.

Leading the field in the U.K. is Saunders. Developments with a tiny version of its well known 'Rope' watch, which has three very small flat tubes is installed under the liquid crystal display producing a pale green illumination of the numerals under poor light or dark conditions. "Several thousands" a day are now being made at the Hayes plant where 200 people are employed and turnover in Betalight manufacture approaches £1m. per annum.

First U.K. watch company to use the light source is Trafalgar. The expected retail price of £29.95: watches are expected to be in the shops by the middle of June.

Trafalgar, which is now assembling its own watch modules from chips and displays expects to be putting the Betalight into production this year. The demand from this and other makers—it has samples out with over 30 watch companies in the U.S. and elsewhere—Saunders anticipates doubling its production rate during the next 12 months.

The company has gone to some length to emphasise that there is no radiation danger from the watch. More on 01-873 8800.

### COMMUNICATIONS

## Viewdata on trial in Germany

FIRST export of the British Viewdata system (being a combination of GEC computer equipment and Post Office software) is to be announced later this week. The German Post Office has taken delivery of a GEC 4088 computer system for use in its proposed public teletext information service—Bildschirmtext—equivalent to Viewdata.

Viewdata, which was pioneered in Britain by the Post Office, is a system whereby a subscriber may use the public service telephone network to interrogate a data base and cause selected information to be displayed on a domestic television receiver fitted with a Viewdata decoder.

The system differs from Ceefax and Oracle: put out by the BBC and IBA respectively, in that specific data is selected by the user and channelled under computer control—uniquely to the subscriber's receiver, using existing copper wires of the telephone network instead of being generally broadcast.

Viewdata has a significantly greater data base which presently could run for many hundreds of thousands of pages of data and, furthermore, can receive inputs from local and remote sites to update the data base. Viewdata also offers inter-active facilities, of which vision Show messages held for particular place from August 25 to September 4, 1977.

During the development of the system, the Post Office worked closely with GEC Computers on the GEC 4088 data base located with at Datacentre.

There, tenders had been called for a large amount of equipment with each machine costing £2,500 or thereabouts and the German Post Office committed to spend over an indefinite period around £25m. a year.

In France, plans were announced to buy and install some 100 facsimile machines with prices well under £400 per unit quoted. It is understood that Muirhead is in close contact with the French post office on the requirements for this immense project for which ample funds appear to be available in France.

One point on which Sir Ray was particularly insistent was the lack of appreciation on the part of the DoT of the important role weather facsimile could play in the protection of merchant shipping against freak weather. Now that a satellite is able to measure wave heights from synchronous orbit, the weather charts for the seas ahead of a ship can be made much more accurate. They can be made available on unattended equipment and prevent loss of time, severe damage and sometimes total shipwreck at a yearly cost probably less than that of pushing through foul weather for several days.

More from Muirhead on 01-650 4888.

### COMPONENTS

## Permanent watch illumination

Betalight, Tritium, an isotope of hydrogen, emits low energy electrons which, after striking the phosphor on the inside of the glass container, are absorbed. Even when smashed the source is claimed to constitute no significant radiation hazard, the contents amounting to about 300 milligrammes.

The source has been tested and approved by the U.K. National Radiological Protection Board and similar approvals have been obtained in other countries. Likely cost to a watch manufacturer of including Betalight is between £1.45 and £1.75; this is a good deal more than filament lamps but on the other hand Betalight has zero power, so manufacture approaches £1m. per annum.

At the show, 14 receivers are operational, working from the GEC 4088 data base located with at Datacentre.

First public demonstrations of Bildschirmtext, using the software developed by the Post Office, are expected to be at the Berlin base. Viewdata also offers inter-active facilities, of which vision Show messages held for particular place from August 25 to September 4, 1977.

During the development of the system, the Post Office worked closely with GEC Computers on the GEC 4088 data base located with at Datacentre.

Whether you travel to Africa, the Far East or Australasia, you'll probably be with our cabin staff for 3,500 miles or more. Time to appreciate their outstanding long distance international experience. Their command of at least three languages. Their 'oh-so-French' hospitality. And the Courages uniforms.

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## HOW MUCH CAN HARVEY TRIM OFF YOUR FORK LIFT BILL?



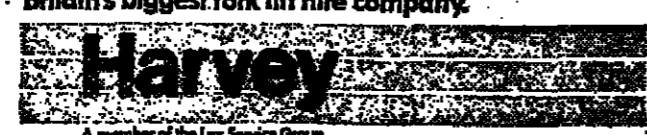
As Britain's biggest people in fork lift hire, we have experience of every make of machine, every machine function, every specialised application attachment.

And all this accumulated expertise is yours. Free. Whether you hire or own at present, ask us to analyse your handling needs.

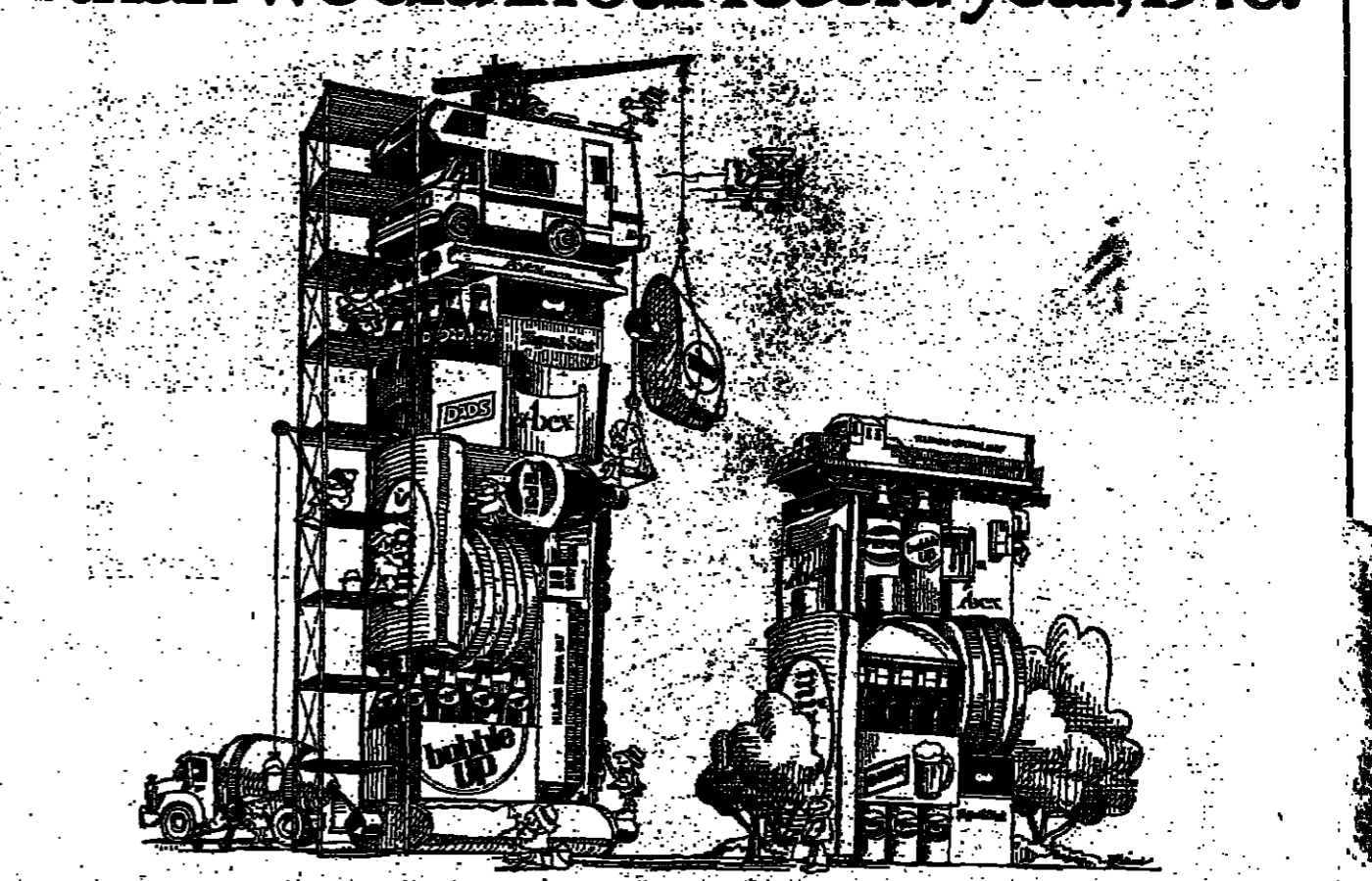
With our background, our massive fleet and our keen long or short term hire rates, chances are we can show you a worthwhile saving.

Even if we can't, it won't cost you a penny to reassure yourself you're not wasting a penny. So call us. At Tel: High Wycombe 210332.

Britain's biggest fork lift hire company.



## We're building net profits 40% faster than we did in our record year, 1976.



	1977	1976	% Change
Sales and Revenues	\$420,991	\$382,044	+10.2
Income before taxes	23,068	16,388	+40.8
Taxes on income	8,766	6,309	+38.5
Net income	14,302	10,229	+39.8
Net Income per Common Share	\$ .31	\$ .21	+47.6

IC INDUSTRIES CONSOLIDATED STATEMENT OF INCOME compared with the same period for 1976.

(Dollars in thousands except per common share amounts)

IC Industries Consolidated Products Group, including Mides International, Pepsi-Cola General Bottlers, and the Dad's and Bubble Up soft drink companies, earned record pre-tax income of \$7.3 million, 23% over 1976, on record sales of \$86.3 million.

The IC Commercial Products Group, primarily Abex Corporation, achieved record first-quarter sales of \$143.7 million, 4.2% ahead of 1976, although pre-tax income declined 3% to \$14.5 million primarily due to effects of the severe winter.

If you'd like to know more about how we build profits, write: IC Industries, Stockstrasse 38, 8002 Zurich, Switzerland.

## IC Industries

Divested in five business groups: Commercial Products, Consumer Products, Real Estate, Financial Services and Transportation.



LABOUR NEWS

Break in Forte leadlock possible

By Alan Pike, Labour Staff

POSSIBLE break in two of the running disputes between Birmingham offices of the sport and General Workers' union emerged yesterday after intervention of the Advisory, Conciliation and Arbitration Service.

Booth urges arbitration in helicopter dispute

By Our Labour Staff

ALBERT BOOTH, Employment Secretary, yesterday urged dismissal of a helicopter pilot sides in the North Sea helicopter supply flights to all rigs.

Press peace move hitch

DES OF an end to the long present form would represent bitter journalists' dispute in Hampshire.

Staff move in Cup blackout row

By David Churchill, Labour Staff

A BID to prevent the threatened blackout of BBC coverage of Saturday's FA Cup Final was made last night by the Association of Broadcasting Staffs, the largest union within the BBC.

Apartheid

Such action was contrary to the considerable body of international opinion which believed South Africa should be isolated because of its apartheid policies.

Legal force

Sir Charles said in the letter that the BBC was in the business of communication and had no intention of depriving other organisations of the opportunity of watching the match.

Jackson attacks advocates of pay free-for-all

By Nick Garnett, Labour Staff, in Bournemouth

TRADE UNIONISTS who want a wages free-for-all in place of a third phase of pay restraint were attacked yesterday by Mr. Tom Jackson, general secretary of the Union of Post Office Workers.

He said that those who argue for wage rises of 30 per cent. or more and yet were aware of the consequences were "a disgrace to the trade union movement."

He emphasised just as firmly, however, that if a third phase was to receive support from the Post Office workers it would almost certainly have to contain a whole range of features missing from the incomes policy of the past two years.

Just society

The maintenance of living standards was a crucial requirement for any support of the union's executive would give a third phase, said Mr. Jackson.

Closely fought

Mr. Jackson believes privately that the pay debate, scheduled for Thursday, will be closely fought, but that in the end the 1,850 delegates will give firm support for the executive's stand on incomes policy.

Restore pay research unit call by civil servants

By Christian Tyler, Labour Correspondent, in Scarsborough

AFRAID that they will be left behind when pay controls are lifted, Civil Service union leaders are to demand that the independent pay research unit be brought back to full strength immediately.

Mr. Bill McCall, general secretary of the Institution of Professional Civil Servants, told his union's annual conference yesterday that it was quite clear there must be free collective bargaining in 1978-79 after the Phase Three which he believes in necessary to prevent a wages explosion this autumn.

If civil servants were to see their 1974 pay agreement restored in time for April 1, 1979, the statistical work must begin without delay, he said.

Mr. McCall, now a senior figure on the Civil Service staff side, is expected to raise the question with officials in the next few weeks.

The 100,000-member IPCS, representing Government scientists, technologists and professional men up to the highest salary levels, is expected to endorse the principle of another pay round, provided differentials and anomalies are taken into

account, when conference delegates debate incomes policy today.

The clerical union, the Civil and Public Services Association, has called for free collective bargaining from July 31, when Phase Two ends, and the Society of Civil and Public Servants, representing administrative grades, may follow suit at its conference this week.

Pay research, which ensures that most civil servants do no less well than their counterparts in the private sector, was suspended in 1975 with the introduction of the 6% policy.

Since then, some delegates are saying, a large number of "ill-informed" pay rises have been awarded to their professional colleagues in private industry.

Grave anomaly

Commenting on the prospects for Phase Three, Mr. McCall said: "An orderly return to free collective bargaining means agreed guidelines and priorities. It is quite inevitable that otherwise there will be a pay explosion."

less than the people they supervise. This grave anomaly, which has already lasted far too long, cannot be solved without large increases.

"What is reasonable and responsible in a case like this? A vague injunction is worthless. The question should be not whether there should be another round of incomes policy, but what sort of policy that should be."

Opening the conference, Mr. Don Downton, IPCS chairman, spoke of a sustained Press campaign against civil servants over their index-linked pensions. He was convinced that this campaign had been a factor in the Government's Civil Service manpower cuts. The fact that index-linking under the 1971 Pensions (Increase) Act applied to many other public sector workers was generally ignored.

Eventually, argued Mr. Downton, inflation-proofing would apply to everyone, "like another basic right, equal pay," which was won 20 years ago by the Civil Service unions.

"This prolonged and vicious campaign against index-linked pensions has now spilled over into a general attack on the Civil Service, and it is deeply resented by all of us," he said.

GLC ticket plans 'half-baked'

MR. WALTER JOHNSON, newly elected president of the 70,000-strong Transportalaried Staffs' Association, yesterday scorned the proposals of the Tory-controlled Greater London Council to modernise the London Transport ticket system and reduce its staff by 10,000.

"The scheme was half-baked," Mr. Johnson said. "Let London Transport be run by professionals, not by parish pump politicians."

Mr. Johnson, Labour MP for Derby South, told the union's conference at Great Yarmouth the union would not be party to any scheme to sell rail tickets in shops to reduce staff.

"Tory spokesmen have told us about plans to disengage the services of underground ticket clerks and collectors and to introduce more one-man buses in London. Apparently we shall be able to buy our bus or tube tickets in the shops."

Hall that we will not be party to any proposals of this kind. It is a half-baked scheme which would mean gross inconvenience to passengers and the unjustified loss of jobs. The idea should be thrown in the litter bin.

"This message is not being sent to them from a collection of Luddites but from dedicated transport staff who are members of a union which has never failed to show willingness to cooperate with managements in the introduction of modern methods," Mr. Johnson said.

Parliamentary Select Committee has now advocated a drastic cut-back in BR office and headquarters staff of 8,000 by 1981.

"Our industry has suffered a far greater run-down than could ever be justified on sound economic or social grounds. I should make it quite clear to the Government that railway

staff will not stand idly by and witness another drastic decimation of the railway network. Nor will they countenance any unjustified reduction in staff—it is as simple as that."

Steel jobless get £1m. aid

REDUNDANCIES in the British steel industry are to be alleviated by a £1m. grant from the European Communities Commission.

Exactly £1m. is to go towards aid for 1,325 men who have lost their jobs at Dupont Steel Works at Llanelli and Briton Ferry. Another £93,040 is to go to re-adaptation schemes affecting British Steel Corporation plants at Workington and Rotherham, where a total of 308 men have been made redundant.



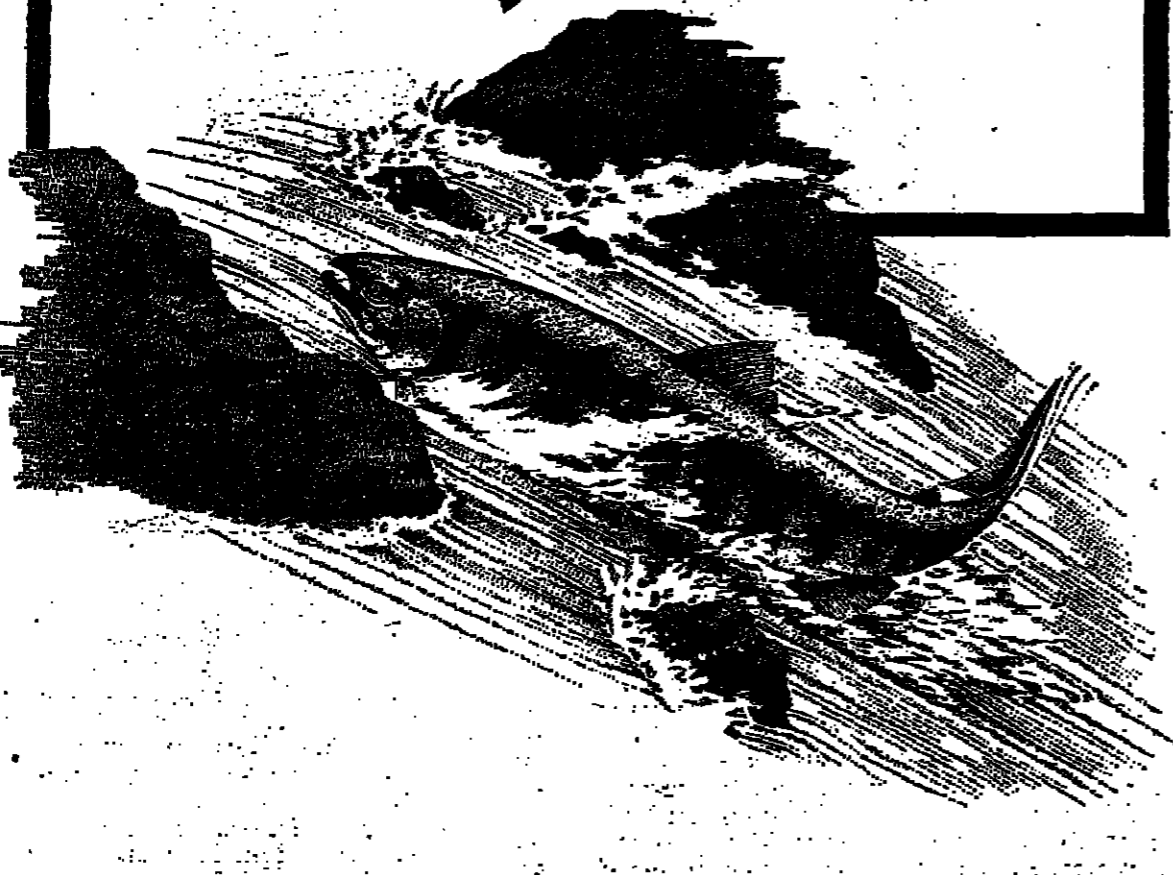
Mr. Tom Jackson, pleaded for third phase of wage restraint.

price freeze, at least until the end of the year, on letter, parcel and telephone charges. It also threw out a move to reduce telephone installation and rental charges by 20 per cent.

An appeal for some form of Sunday post collections to be resumed coupled with a warning of the serious effect on the public of cutting the number of sub-post offices, were made at Edinburgh yesterday by Mr. Tom Leonard, president of the 21,000-member National Federation of Sub-Postmasters at the group's annual conference.

Your Goal-Getter

With speed, drive, sleekness, the salmon surmounts obstacles to its goal. The purposeful salmon - an energetic shipping company. Our streams - the sea lanes of worldwide trade.



Japan Line

Head Office: Kokusai Bldg., 1-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo, Japan Tel: (03) 212-8211

POST ROOM

Cinderella?

Most companies have a post room: most neglect it. Most pay a price - in cash, in wasted time and effort. How many of these questions could you honestly answer now? Every 'Yes' can be expensive.



Form with checkboxes for postal services: 'I have asked my Postal Services Representative to make an appointment', 'Booklets, please send me', 'Post room organisation', etc.

The Post Office



APPOINTMENTS

ICL subsidiary directors named

ICL has announced that five North Sea operations and U.K. senior executives have been appointed to the Board of its main operating subsidiary, INTERNATIONAL COMPUTERS...

The second of two Government nominees to the Board of CHRYSLER U.K. is Mr. Roy Granttham, who has been appointed as a director...

Mr. R. M. Whitelaw has been appointed a director of TI MARKLAND. He retains his responsibility as general manager of the company's stainless steel department in Bolton.

Mr. Peter Mansell Moulin, director of public relations at the NATIONAL COAL BOARD for the past three years, has been appointed deputy secretary to the Board.

Mr. Philip Paul, a former deputy director of public relations at the director of public relations to the ROYAL INSTITUTION OF CHARTERED SURVEYORS.

HOME CONTRACTS

Head Wrightson has £4m. plant order

HEAD WRIGHTSON PROCESS ENGINEERING is supplying a new £4m. plant to produce trinitrotoluene (TNT) to the Royal Ordnance Factories organisation for installation at ROP Bridgwater, Somerset.

MARCONI COMMUNICATION SYSTEMS, a GEC-Marconi Electronics company, is to supply the Post Office with further pulse code modulation 30-channel systems for use in the Eastern, Northern Ireland and Scottish telecommunication regions.

MARCONI SPACE AND DEFENCE SYSTEMS is to equip HMS Invincible, a new anti-submarine cruiser, with SCOT 2, the communications terminal manufactured by Marconi.

BRITISH TIMEXEN has been awarded a £500,000 contract to supply the Gloucester Railway Carriage and Wagon Company with bearings to be used on wagons in East Africa.

COVENTRY CLIMAX has received a £200,000 order for fork lift trucks at the International Mechanical Handling Exhibition from E. Austin and Sons (London).

COMPANY NOTICES

BRAZILIAN INVESTMENT S.A. SOCIEDADE DE INVESTIMENTO

DECRETO-LAW n° 1401. Notice is hereby given that the report and accounts of the company for the six months period ending March 31, 1977 are available to the shareholders at the offices of Morgan Guaranty Trust Company of New York Inc.

BRITISH-BORNEO PETROLEUM SYNDICATE LIMITED

NOTICE IS HEREBY GIVEN that the 1976-77 accounts of the company have been audited and approved by the Board of Directors.

AUSTRIAN ELECTRICITY

5.5% GUARANTEED BONDS 1986. S. E. WARRING AND CO. LTD. announces that the issue of £100,000,000 of 5.5% guaranteed bonds...

GOURMET

CALLIOPOLI RESTAURANT, of Old Broad Street, E.C.2.

Table with 2 columns: Category and Rate. Includes Industrial and Business, Business for Sale, etc.

CLASSIFIED ADVERTISEMENT RATES

Table with 2 columns: Category and Rate. Includes Industrial and Business, Business for Sale, etc.

for further details write to: Classified Advertisement Manager, Financial Times, 10, Cannon Street, EC4P 4BY

APPOINTMENTS

Financial Controller c.£7,000 London W1

EMI Limited is a successful, rapidly growing British Group with significant and profitable interests in the music, electronics and leisure industries. The Group has substantial property interests throughout the UK administered by a Group Property Department based at company Headquarters in the West End of London...



The international music, electronics and leisure Group.

VICE PRESIDENT - FINANCE, SOUTH AMERICA

This one hundred million dollar Chemical Company is located in a leading South American City which is known to be most exciting and cosmopolitan. The Company has approximately one hundred million dollars of assets, employs approximately fifteen hundred nationals, and is closely held by several major U.S. Corporations.

The Vice President - Finance (and Chief Financial Officer) will report directly to the Chief Executive Officer and supervise a total staff of approximately one hundred people who are responsible for General Accounting, Budgets, the entire Treasury function, Systems and Computing, Credit and Collection, Financial Analysis, Auditing, and Operations Economic Analysis.

Candidates must be mature and experienced Financial Officers and be fluent in Spanish and English. Please reply with full career details in strict confidence to Box No. A5954, Financial Times, 10 Cannon Street, EC4P 4BY.

FOREIGN EXCHANGE CLERK

REQUIRED BY LONDON STOCKBROKERS. Successful applicant will be conversant with Exchange Control regulations and be capable of arranging settlement of all aspects of overseas bargains and currency. Salary by arrangement. Pension scheme and season ticket scheme. For further details please telephone Mr. Page 01-377 9242

BANKING AND LEGAL APPOINTMENTS

Commercial Lawyer

Pitco Limited, a UK Public Company in the small electrical appliances field, seeks an energetic experienced commercial lawyer.

Reporting to the Managing Director, the responsibilities will include a wide range of legal affairs as well as involvement in general management.

Suitable applicants will be solicitors with a minimum of three years qualified experience who have the ability to work well with people at all levels in the company.

A first class remuneration package is offered together with good promotional prospects. Please write with full career details to date to Mr. M. Webber, Pitco Limited, Fallowfield, Manchester M13 0HS.

Assistant Chief Dealer

An expanding international consortium bank in the City is seeking an experienced foreign exchange dealer to act as deputy to their Chief Dealer. This is a senior position; the commencing salary and benefits will be appropriate. Applications will be treated in strict confidence. Please write in the first instance stating age, qualifications and experience to: Mr. E. Cotter, GOLLEY, SLATER & PARTNERS-LIMITED, 42 Drury Lane, London WC2B 5RN

COMPANY NOTICES

PROVINCE OF NEWFOUNDLAND 9.50% 1978/1983 \$Can 20,000,000

Pursuant to the terms and conditions of the loan, notice is hereby given to Bondholders that, during the 12-month period ending May 15, 1977, \$Can 250,000 of such Bonds were purchased in satisfaction of the Purchase Fund. Outstanding amount: \$Can 19,750,000. Luxembourg, May 17, 1977. THE FISCAL AGENT: KREDIETBANK S.A. Luxembourg.

MAGNUM FUND LIMITED

To the Holders of Its Outstanding Common Shares. The Company's Annual General Meeting will be held at the Stock Exchange, London, on Wednesday, June 1st, 1977.

KINGDOM OF DENMARK 1977/88 8% LIA\$2,000,000

On May 3, 1977, Bonds for the sum of LIA\$2,000,000 have been drawn for redemption in the presence of a Notary Public. The Bonds will be returned to the issuer on or after June 23, 1977.

AGUSTI THYBORN-HUETTE & WILHELM BANK LIMITED DEPOSIT CERTIFICATES

National Westminster Bank Limited gives notice that it has agreed to purchase the Deposit Certificates of Agust Thyborn-Huette & Wilhelm Bank Limited.

CONTRACTS AND TENDERS

D. B. DENIZ NAKIYATI T.A.S. D. B. TURKISH CARGO LINES

Requests for expression of interest for purchase of terminal cranes and cranes for lift trucks (1000kg).

CONTRACTS AND TENDERS

D. B. DENIZ NAKIYATI T.A.S. D. B. TURKISH CARGO LINES

The Government of Turkey and the Agricultural Bank of Turkey have respectively received a loan/credit and a loan in various currencies totaling US\$35,000,000 from the International Bank for Reconstruction and Development (IBRD/International Development Association (IDA) and (IBRD) respectively.

CONTRACTS AND TENDERS

C. T. BOWRING AND CO. LIMITED

NOTICE IS HEREBY GIVEN that the 1976-77 accounts of the company have been audited and approved by the Board of Directors.

APPOINTMENTS

COMMUNITY APPOINTMENTS. The following appointments have been made: Graham Stewart, 41-43P 1201.

COMPANY NOTICES

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# The Management Page

## John Brown's body bounces back to better health

widely-diversified engineering group with almost no central control, and an erratic profits record, has been injected with outside executive talent, tight financial controls, and a new sense of direction. Kenneth Gooding reports



Mr. John Mayhew-Sanders, the new chief executive at John Brown, has engineered a rapid revival. But its timing may stimulate, rather than discourage, interest from potential bidders.

IN BROWN and Company, John Mayhew-Sanders. He has had an unusual career in that he first qualified as an engineer, then as an accountant and finally became a management consultant. Headhunters enticed him away from the PE Consulting Group in 1972 to join the John Brown Board, the first outsider ever to be appointed.

He recalls candidly: "I was attracted by the fact that no one asked me to take over the not seat straight away. Having some consultancy I needed time to adapt myself from advising to manufacturing."

of the John Brown group but this is not really so. The return on capital it makes is not enough. The consistency of Wickman is an attraction—it has never suffered a trading loss. And we could say that the size is attractive in itself. But it just isn't when related to the capital employed in achieving its profit.

**Autonomy**  
For many years John Brown had probably taken the concept of decentralisation and the autonomy of individual operating companies one or two steps too far. For example, it seemed to the City that the main Board was caught completely off-guard by a £4.9m. loss by Constructors John Brown, the process plant subsidiary, in 1975. In January of that year, at the time a maintained dividend was paid, no hint of possible future trouble was given. And it was that setback which crushed the group profits to £458,000 for the year, which apparently led the Board to decide it was time to promote Mr. Mayhew-Sanders. He might, one supposes, still be moving about the group with no specific job to do if the CJB disaster had not occurred.

**'Jewel'**  
While dealing with the big changes at JBE and CJB, Mr. Mayhew-Sanders has concentrated a great deal of his attention during the past 18 months on the machine tool division. The principal companies are Wickman, which accounts for about three quarters of the division's output, and Webster and Bennett.

Day-to-day running of the John Brown group is now in the hands of a management board which began operating only in January this year. This board is headed by Mr. Mayhew-Sanders and consists of two finance men—Mr. Jim Smyth, who has responsibility for the banking-corporate finance functions, and Mr. Alan Gornly, responsible for the new function (for John Brown) of financial planning and control—and the two machine tool division directors on the main John Brown Board, Mr. Hugh Morris and Mr. George Trowbridge. These last two are the only executive directors from the

operating companies on the main Board. Like all chief executives, Mr. Mayhew-Sanders has his own shopping list of companies the group might buy. The idea is that John Brown might buy or sell as a way of levelling out the way in which the cycle of demand still tends to hit most of its activities at the same time. One obvious potential disposal would be of the group's 16 per cent holding in Westland Aircraft, currently worth around £5m. But Mr. Mayhew-Sanders insists: "It is unlikely that John Brown would sell its Westland shares just for some cash. On the other hand it might do so to invest in something else."

**Volatile**  
He suggests that one aspect of John Brown is that it should be able to produce, say, £35m. of annual profit in a few years time and that there should be steady, not volatile, progress towards that target. The John Brown recovery seems to be at just about the stage when predators might be tempted to step in with a bid. The latest balance sheet showed assets worth about £2.5 billion after depreciation of buildings, some of which "were right."

## A new approach to Treasury controls

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

TREASURY last month brought in a specialist technician to operation a new information system for the Government covering more than £850 million through many thousands of operating points. The project, which took about three years in inception to launch, has its public sector work of the generalist tradition of adminis-

tration and specialist, through a single and internally consistent flow of figures, of expenditure against the annual White Paper expenditure survey plans, Parliamentary Estimates and cash limits.

economic currents are flowing in its favour: there was no better time to introduce a project for the close monitoring of departments' expenditure than when cash limits were being introduced.

## Shouldn't a conference organiser enjoy his own conference?

Of course he should. That's why we make sure conferences at the Skyline run like a dream. 8,246 sq ft (765 sq m.) of conference area can be divided to suit your needs precisely. We've every audio-visual aid imaginable. Let's discuss which you'll want. All products up to an average elephant will fit through all our doors, no problem. And we'll help you plan for any group up to 500, in luxurious rooms with colour TV. (Or smaller meetings in our swish private suites. They often make difficult decisions easier to take.) But men cannot live by efficient conferences alone. So at the Skyline we've plenty of places to unwind in. Like Diamond Lil's, our authentic Klondike saloon bar. A lively, gregarious place. Like our Colony Room for quieter dining, where the menu's as wide as a gourmet's imagination. Like our indoor tropical pool. While energetic souls swim in it, staid folk can sit and drink, admiring the giant palms. Our charming Café Jardin is open day and night. We've 24-hour room service too. A conference at the Skyline is one that everybody will enjoy, and remember.

Ring for our latest details on 01-759 2535 (Freefone 2083). Or write to us: Skyline Hotel, Heathrow, Bath Road, Middx UB3 5BP.

**The Skyline, Heathrow.**  
Where Heathrow really comes alive.

## Tracking the accountants

NEW EVIDENCE of the generalist tradition in Whitehall, if it was needed, is contained in another article in the journal. Writing on "Financial Management in the Civil Service—the role of accountants," Mr. K. J. Sharp, reveals that there are only 900 accountants in the Service.

## Ingredients

The result was a decision in spring 1974 to establish a more detailed study, jointly run by the Treasury and Civil Service Department. The ingredients of the team then remained the same throughout the project with operational research, scientists, management accountants, outside management consultants, and a representative of the Government Central Computing Agency, with support from Treasury administrative staff.

## Management Consulting

The growing importance of consultancy, the substantial differences in approach and execution between management consulting and management practice, and the lack of formal training facilities for new consultants have created an urgent and widely felt need for a practical guide to the profession. Unique in its field as a guide and textbook, this volume covers work methods, behavioural aspects of change implementation, design and control of consulting assignments, organisation of consulting units, training programmes for consultants and ethical considerations—a standard work on the subject in company literature... informative... (The Training Officer) 378 pages. 2nd imp. 1977. ISBN 0-216-11645-8 £10.00

## TAX PLANNING for the FAMILY CONTROLLED COMPANY

A one day seminar for directors, shareholders and advisers dealing with:

1. Why form a company
2. Close company problems and solutions
3. Retaining profits at the expense of the Inland Revenue
4. Pensions
5. Capital Transfer Tax

To be held at the Hyde Park Hotel on Thursday 2 June 1977

Details from: Mrs. J. Hawkins - 01 868 4422

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Sooner or later you will decide to switch your accounting to a computer. With staff costs the way they are, the sooner the better!

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TUESDAY, MAY 17, 1977

## Nuclear decisions

THE MEETING of nuclear experts and critics which took place last weekend under the chairmanship of Mr. Anthony Wedgwood Benn, Energy Secretary, achieved one useful purpose; it reinforced the need for early decisions on the future direction of Britain's nuclear power programme.

There is a case for taking a PWR licence—a course which was strenuously urged by GEC and by the CEBG in 1974. It would take several years before the industry was in a position to export the system and it is possible that by then the established suppliers would have tied up much of the market. But at least the adoption of the PWR would enable the British plant suppliers to participate more fully in the nuclear export business, in components if not in complete power stations. Such a decision would not mean an abandonment of the AGR system, since a substantial number of AGR stations would continue in service in the U.K.

The other two decisions concern the expansion of reprocessing facilities at Windscale and the go-ahead for the commercial fast reactor. Given the U.K.'s lack of indigenous uranium supplies, it makes economic sense to conserve and re-cycle the spent fuel both from the first-generation Magnox stations and from the newer AGR stations. The latter will require a new and expensive plant to process oxide fuel; hence the argument for making it large enough to process oxide fuel from other countries such as Japan. On economic grounds, again the U.K. needs the fast breeder to make the best use of the limited uranium which is available.

It is theoretically possible for the U.K. to confine its nuclear programme to thermal reactors, but, in view of likely trends in the cost and availability of energy, this could only be justified if the safety and environmental arguments against reprocessing and against the fast breeder were overwhelming. If the Government is to reject the contribution which nuclear power in its more advanced forms can make to energy supplies over the next few decades, it will need to have more convincing reasons than have so far been advanced.

## A cautious toe in the water

THE ANNOUNCEMENT, at the end of this month, of an actual floating-rate Government bond, to be issued at the end of this month, is most welcome. The authorities have opened, however cautiously, a door which could enable them to escape from the successive crises of funding and money management which have punctuated financial life ever since the public sector borrowing requirement became so large in relation to the national income and the money supply.

Higher return Floating rate bonds can be assessed from three different points of view. For a certain class of investor, who has to hold substantial sums in a form which can if necessary be turned into cash with a limited risk of a capital loss, such bonds offer a higher return than is available from short-term money-market instruments, in return for a limited but appreciable risk about realisable capital value. The new Government bond, with interest payable six monthly at a margin over the previous six months' average Treasury Bill yield could clearly fall out of line for a time when interest rates are changing rapidly, tending to go to a premium when they are falling and a discount when they are rising, as has already been seen with the existing GEC floating-rate bond, so that a building society Treasurer, for example, will want greater liquidity for a sizeable proportion of his reserves; but there should still be a useful demand from potential long-term holders.

This long-term market is not only of interest to the Government; other industrial borrowers may at some stage wish to follow the GEC

Ostrich-like, the western world has ignored the doomwatchers who have predicted that we will run out of hydrocarbons in our lifetime. A new report underlines the possibility that the world could be short of oil within the next five years.

RAY DAFTER and DAVID FISHLOCK report.

# The energy gap draws closer

IN RECENT months several major reports on world energy supplies have emphasised the need to restrain oil consumption. Their messages have been the same: nations are not only running out of oil reserves, but they are also running out of time in which to cater for their future energy needs.

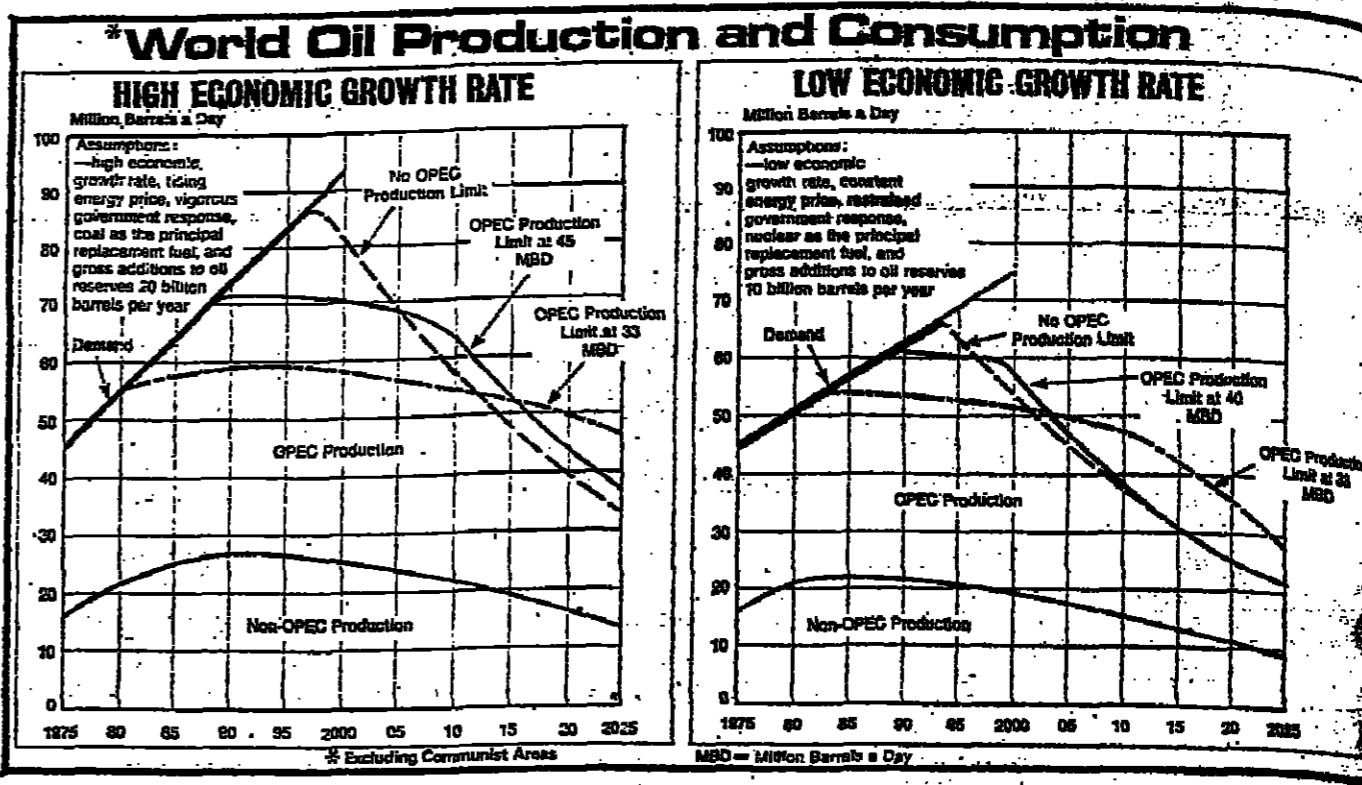
So loud have been the warnings that there "must be a danger that we will clap our hands over our ears and hope the problem will go away. After all, since the turn of the century pundits have been saying that the world will run out of oil within the following 30 years.

The latest report\* published yesterday puts the prospect succinctly: "The end of the era of growth in oil production is probably at the most only 15 years away." The non-Communist world could face the prospect of an oil shortage as early as 1981-1983.

This is strong stuff, coming as it does from businessmen (including oil industry men), planners and academics in 15 countries pulled together in a Workshop on "Alternative Energy Strategies. But their conclusions are broadly in line with those contained in the World Energy Outlook report by the Organisation for Economic Co-operation and Development, and in the report prepared for President Carter by the Central Intelligence Agency.

The Workshop concludes in its 291-page report that there is a danger in the world energy situation becoming critical before it seems serious. Most governments and businesses made planning projections only five to 10 years ahead. Consequently, energy gaps that opened up beyond 1985 were invisible or, if perceived, often turned aside with the explanation that something would turn up.

That must be the inherent danger in Britain where North Sea oil should provide a cushion of 20bn. barrels a year and a third of the 1972 level. Commencing in the 1980s and domestic annual production should rate of 18bn. barrels a year.



Taking the most optimistic line production could continue to meet demand until the year 2004. This assumes a low economic growth rate—a situation which could lead to other problems like continuing high unemployment—the discovery of much more oil and no limitation on OPEC production. On the other hand if the world enjoys a high growth rate and OPEC decides to limit its production to 33m. barrels a day, non-Communist countries could find themselves running short of oil in the early 1980s.

Such a level of production in OPEC would require a high degree of restraint on the part of its members. For in its World Energy Outlook report the OECD reckons that in 1985, given present energy policies, OPEC production should be almost 40m. b/d. The Central Intelligence Agency went further, forecasting that world demand for OPEC oil would be 47m-51m. b/d by 1985. This would imply Saudi Arabian output of 19m. to 23m. b/d which is about twice its current production.

The Workshop also recognises the influence of Saudi Arabia. Put simply, if Saudi Arabia were to cap its production at the present level world oil supply would fall to meet the desired demand within just four years.

Either way the timescale is short. And ominously the Workshop has discounted the influence of the Communist world. It felt that Russia and China, both big energy producers, would remain basically self-sufficient. If Russia does become a significant importer, as the CIA has suggested, then the supply and demand equation could look even gloomier.

And it appears that there is no point in the world looking towards natural gas: to fill the natural gas production in the Workshop, by the year 2000 natural gas production in the major consuming countries will probably decline to about two-thirds of the 1972 level. Countries, like the U.S., that are now large users of gas face "difficult economic and political tradeoffs if they are to continue to meet demand over the next 25 years," the report states.

The study puts economically-recoverable world reserves at the equivalent of 3,000bn. barrels of oil and potential reserves at possibly four times this figure, such matters as reprocessing nuclear waste, management of "dirty" nuclear waste, and the "national preference" for oil which has precipitated the looming energy gap.

## Vital price factor

In principle, the Workshop concludes that the change from a world economy dominated by oil must start now. But change to what? For as it points out the alternatives need five to 15 years to develop and the urgency of demand for replacement fuels will increase rapidly during the 1990s. The most obvious path for nations to try is energy conservation which "may well be the very best of the alternative energy choices available." For example, it forecasts that by 2000 cars may average twice today's mileage per gallon. Buildings may cut their energy demands by a third more. But even technologically fairly simple measures of this kind cannot be implemented quickly. The Workshop acknowledges that it would take at least a decade to change the stock of cars, two to three decades to change most industrial equipment, a century or more to change a nation's housing stock.

More adventurous schemes for conservation using benign and renewable energy sources are largely dismissed as unlikely in global terms to make any significant difference during this century. The various solar technologies, except for water and space heating, still look unattractive economically, with uncertain operating and maintenance costs, and difficult problems of energy storage yet to be solved. Coal, however, is plentiful.

But there is also a serious risk for such a nation as Britain, lacking indigenous uranium, in accepting that the three separate stages of fuel cycle, with fuel flow shortly from thermal reactors by way of reprocessing into breeder reactors. By inviting nuclear energy's opponents to focus their efforts on the breeder reactor, nations find that the technology most need of sustained effort has been handicapped to disastrous degree.

## Growth rates

How much time will depend on economic growth rates over the next 20 years or so, on how quickly "major oil" consumers can implement new energy and conservation measures, on how much oil will be found and on how OPEC producers adjust the flow valves on crude exports. On the first point the Workshop has based its calculations on growth rates ranging from a low of 3.5 per cent. to a high of 6 per cent. a year. Two assumptions were made for the rate of gross additions to free world oil reserves: a high rate of 20bn. barrels a year and a low rate of 10bn. barrels annually, as against an historical rate of 18bn. barrels a year.

## MEN AND MATTERS

Red faces in Bonn Every year the West German Auditing Office, the equivalent of Britain's Comptroller and Auditor General's department in reports on the latest annual tally of bureaucratic waste, inefficiency and tomfoolery.

Emotional No Western European country seems immune from newspaper troubles. Staff at employed at a cost of DM 50,000 a year to retract it for the ships that occasionally Financieel Dagblad (with a circulation of 22,000, each copy being read, it is claimed, by about four thrifty Dutch businessmen) has surprised its customers by actually failing to appear one morning. The first such incident in 32 years.

Credit race The City's competitive instincts erupt in odd ways. Consider the fairly recent business of export finance. The Government, as part of the general attempt to prune expenditure, has directed that export credits should now be financed in currencies other than sterling. This has led to a scramble among banking houses involved to get signed and sealed the Grindlay Brands and Morgan Grenfell tying for the lead.

Past glory Extract from a recent civil service circular: "Leaflet WP25 Britain's Great Leap Forward The above leaflet is now obsolete." Observer



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# Norway

Like Britain, Norway has found new energy sources and wealth in North Sea oil and gas. Unlike Britain, however, Norway is suddenly faced with a superabundance of energy for export.

BASIC STATISTICS	
Area	118,314 sq. miles
Population	4.0m.
GNP	Kr.146bn.
Per capita	Kr.36,416
Trade (1975)	
Imports	Kr.50.6bn.
Exports	Kr.37.5bn.
Imports from U.K.	£391m.
Exports to U.K.	£593m.
Trade (1976)	
Imports from U.K.	£474m.
Exports to U.K.	£623m.
Currency: Krone	£1=Kr.9.08

There have been some drawbacks, notably the unexpected increase in the payments deficit and the high cost levels which are hampering traditional Norwegian industry on export markets and easing the way for competitive imports. But the government is aware of these problems and would certainly deal with them more decisively after the September general election, if it manages to remain in office. There is no feeling that the economy is out of control.

The oil has stimulated Norwegians' agitation over their life-styles and over values. Many, including a large group of young people, are questioning the direction in which their country appears to be heading. Many more fear disruption of a way of life which was prosperous even before the oil was discovered, but at the same time still had room for rural virtues. The Labour Government was well aware of this sentiment when it plumped for a slow pace of development offshore.

The success of the "the future in our hands" movement founded by Professor Eric Damman illustrates the heart-searching of at least a significant minority of Norwegians. Some 15,000 of them now support his appeal for a reduction in consumption and a simpler life-style, based on conserving energy and protecting the ecology. He has suggested that the oil revenue be given away as foreign aid, a proposal echoed in private by one of Norway's business leaders, whose motives were less idealistic—he thought there would be too many problems in absorbing and disposing of the oil money in other ways.

A real cleft exists in Norway between what may be called in over-simplified form, the fishing and oil lobbies. There are only 32,000 whole or part-time fishermen but when they complain about the threat to their fish stocks from oil pollution, they raise an echo in many an urban Norwegian's heart. The government has long hesitated to open up north Norwegian waters for exploration and after last month's blow-out on the Bravo platform immediately withdrew plans to start drilling there next year.

One of the most keenly debated issues at the Labour Party conference last week was whether or not a hydro-electric project on two Hardanger mountain rivers should be approved. There was strong support for the view that the country's "natural resources" had to be protected. Such opinions carry weight and influence Labour Party policy. In the wider perspective the "green wave," which embraces many environmental and life-style attitudes, is a source of real concern for industrialists.

As the economic mastermind alongside the responsible, fatherly Mr. Nordli and the youthful progressive Mr. Steen, Mr. Kleppe is a central figure in the Party's electoral image. Two years ago the three opposition parties seemed to be well set to oust the Labour Party. Now they have a fight on their hands. The Conservatives, Centre Party and Christian People's Party have announced that they will form a coalition government, if they come out of the election with a combined majority, but they have not presented a common programme.

Relations with the Russians are at present in a state of limbo after the Norwegians expelled six Soviet diplomats and citizens in January, following the arrest of a woman official in the Norwegian Foreign Ministry on charges of spying for the Russians since the 1950s. The Russians have declined to round off the negotiations over the division of the fish stocks in the Barents Sea, on which agreement had been almost reached at the beginning of the year.

William Dalrymple

NORWEGIANS celebrate independence today, they well marvel at what has been done to them since their nation was promulgated in 1905. The poor farming and fishing nation of those days, still had to wait until it got its full freedom from Sweden, is about to become the wealthiest in the industrial world. On the way it also built and operated one of the world's largest shipping and developed its hydro resources, to become the biggest aluminium producer in the world.

Accepted

It is also an incalculable factor in the September general election because it cuts across party lines. It has been generally accepted that this general election would be unusually decisive because the winning political combination, with the rising flow of oil money at its disposal, should be able to count on at least two four-year periods in office.

The snag is that the current polls are suspect because of quarrels among the pollsters. Moreover, it is not yet clear how public opinion is going to react to the revelation that the Finance Minister, Mr. Per Kleppe, along with other ministers has made use of a free travel card issued to him by Scandinavian Airlines System.

Domestic

The election will be fought on domestic issues, but the Norwegians are also becoming sensitive to the increasing weight and complication of their foreign relations. This results from the responsibility and incipient financial power thrust on them by the oil discoveries and from the extension of their fishing limits in

more opportunities for industry, while the Centre Party has taken a strong stand in favour of an even slower pace. As in Sweden on energy and industrial matters the Conservatives are closer to the Labour opponents than to their non-socialist partners, a fact of political life pinpointed in the reactions to last month's blow-out on the Ekofisk field.

In another similarity to the Swedish situation, the Opposition is united in its attack on increasing bureaucracy and the proliferation of controls under Labour rule. The plentitude of the oil revenue rules out competition over living standards, a point marked by the Labour Party's emphasis on the quality of life. As in most elections the decisive criterion for the wavering voter is likely to be the credibility of the contestants. The Labour Party has a solid record in managing the economy and bringing about social advances, but it is clearly trying to paper over the differences within its ranks about the extension of socialism amid state control. The Opposition is united over basic liberal values but uncomfortably divided on specific issues. And both sides may be underestimating the swell of the "green wave." It all adds up to a fascinating pre-election situation.

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For further information about the ES Group, please contact Elkem-Spigerverket, Information Department, P.O. Box 5430, Oslo 3, Norway.

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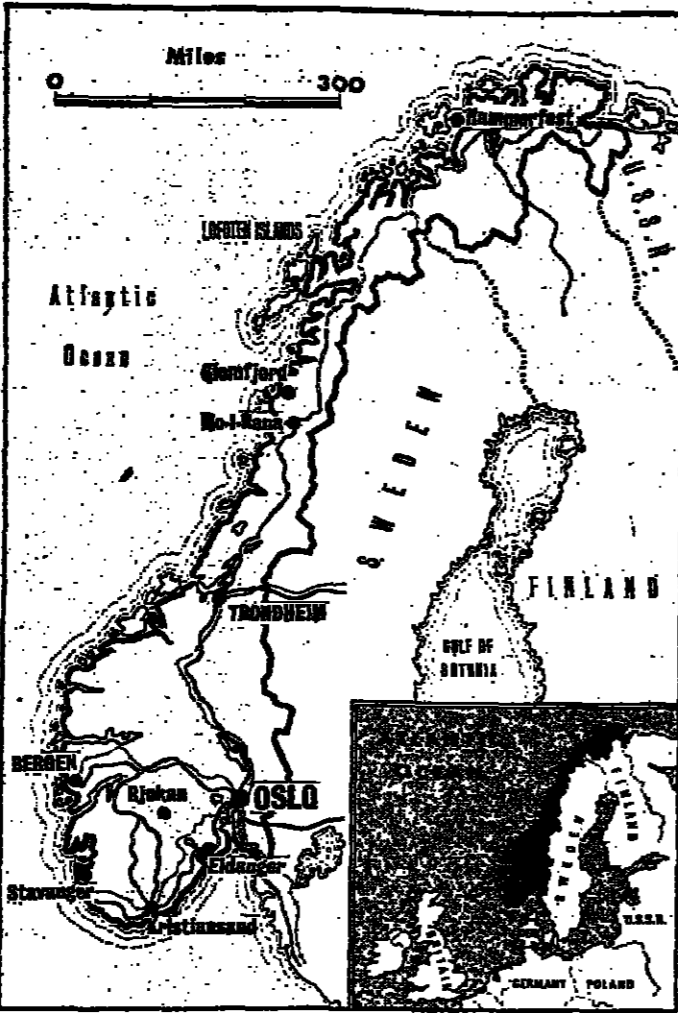






NORWAY III

# Defence role for the West



THE BEST WAY of looking at Norwegian defence is to look at a map. Norway is a large country with a disproportionately small population of just 4.5 million. Only about 10 per cent of the population lives in the south which, strategically, is the part that matters.

It is one of only two countries in the Atlantic Alliance to have a border with the Soviet Union. Its other eastern borders are with Sweden, which is neutral but probably safe, and Finland, which is also neutral but arguably much less secure.

Norway also has an exceptionally long coastline. That has always been important, but for a number of reasons it has become even more important now. One is the discovery of offshore oil and gas which has transformed Norway's economic prospects. Another is fish, which the Norwegians maintain an extraordinary attachment to, despite the fact that the fish industry accounts for only about 2 per cent of GNP. Yet another reason is the extension of economic zones at sea to 200 miles. It means that a lot of Norway's most valuable resources are, in fact, offshore and there is a lot to protect.

That would be difficult enough even in a simple world. It has been made much more complicated by the growth of Soviet naval power. For just the east of the north east Norway is the Kola Peninsula and the port of Murmansk—the home of the Soviet Northern Fleet.

Ten years or so ago that was relatively insignificant. The Soviet Navy was by and large a coastal navy. To-day, however, the Northern Fleet is one of the biggest single concentrations of Soviet military strength, and it has a problem, which is how to get out.

Concentrated in Murmansk, the Northern Fleet is—in military language—a high value target. It could be destroyed relatively easily in a pre-emptive attack if hostilities had broken out elsewhere. Its purpose is presumably to break out to the Atlantic and seek to control the shipping lanes between Europe and North America, cutting off, if necessary, seaborne supplies from the west. It could do this much more effectively from bases in northern Norway, which is why the strategic importance of the region has grown. Indeed if there were to be a general war in Europe, it is almost inevitable that northern Norway would be the scene of some of the earliest action.

Developments in Norwegian defence over the past few years have been largely in response to this challenge. The general increase in NATO and among Norwegian armed forces, is that it is being met satisfactorily in the more so as, when it comes to defence, Norway operates under a number of constraints.

Some of these constraints are self-imposed. The Norwegians do not, for example, allow the

artillery, greater concealment of aircraft and the hardening of hangars. Ground to air missile defence has yet to come, but what is new is the confidence that it will come in future.

The refusal to allow foreign troops permanently on the territory remains, but it is certainly being interpreted flexibly. The number of allied personnel who spend time in northern Norway is considerable, and one can assume that NATO is fully informed about all defence contingency plans including plans to operate behind the lines if territory is lost.

There is also nothing to prevent, indeed the Norwegians do everything to encourage, the allies taking part in exercises. These, too, are primarily about reinforcements and the great new emphasis now is on "pre-stocking": that is, having the equipment on the spot for the reinforcements to pick up when they arrive. In that terrain there is no shortage of places of concealment.

It should be added that there appear to be no great problems of morale. Conscription is accepted as a way of life: so too is being a reservist. Defence policy seems to be widely understood throughout the country and the attachment to NATO has grown with the rejection of the European Community. NATO, in fact, is the international organisation which links the Norwegians to a wider world.

There are weaknesses, of course. The manpower problem could be at least partially alleviated by the greater use of women, but Norway is a conservative country on that subject. There is also still a marked suspicion of the Germans, and therefore a reluctance to allow the Germans to do more in the collective defence. It is to Britain, the U.S. and Canada that Norway looks for reinforcements rather than to Germany, and its tendency is to regard itself as an Atlantic rather than a European power. It might be nice too to see the Norwegians develop a more outward going navy, though that is perhaps something that will come: certainly some thought is being given to it.

It would also be idle to pretend that Norway could withstand anything like a full scale attack. Its proximity to the Soviet Union is weighted against it. What one can say, however, is that it could probably put up enough resistance to make a limited Soviet probe not worth trying. The Soviet Union must be aware that an attack on Norway carries the risk of turning into a major European war. Awareness of that is what constitutes deterrence.

Meanwhile, in time of peace, Norway continues to be an invaluable watching post. One way or another, most of what is known about the movements of the Northern Fleet is known from Norway.

Malcolm Rutherford

Success

CONTINUED FROM PREVIOUS PAGE

ould have cost the Exchequer as much as £1.5bn.

Two prominent features of the Norwegian economy over the past two years have in fact been the increase in the budget deficit and the boom in private consumption which has risen 5.8 per cent each year.

Norway has traditionally run a tight fiscal policy but in 1975 the budget dropped into a deficit of about Kr.10bn., which increased to Kr.2.5bn. last year and is expected to be Kr.5.5bn. more this year.

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to the state banks which have in turn helped to finance industry to maintain employment during the recession.

In his annual address to the supervisory council of the Bank of Norway, the Governor, Mr. Knut Getz-Wold, underlined the need to check the growth in incomes and consumption and to reduce the government borrowing requirement, in order to improve the payments position and to stimulate investment in the non-oil sectors.

He was particularly worried about the decline in savings, pointing out that while 90 per cent of the net capital investment had been covered by savings in 1973 more than half had been financed externally in 1976. Although the enormous investments in oil development made this trend unavoidable, public savings have also dropped sharply. In 1976 real net savings were some 18 per cent lower than in 1971.

The OECD has also urged Norway to apply less fiscal stimulus to cut inflation and to pursue a more cautious demand management policy. Government spending must be connected with the fact that Norway is in an election year and it is evident that, if returned to office in September, the present government will make a more determined effort to hold down incomes and consumption. Its long-term programme for 1978-81 foresees an average increase of 1.5 to 2 per cent a year in real disposable in-

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**LEADING IMPORTERS TO NORWAY OF**

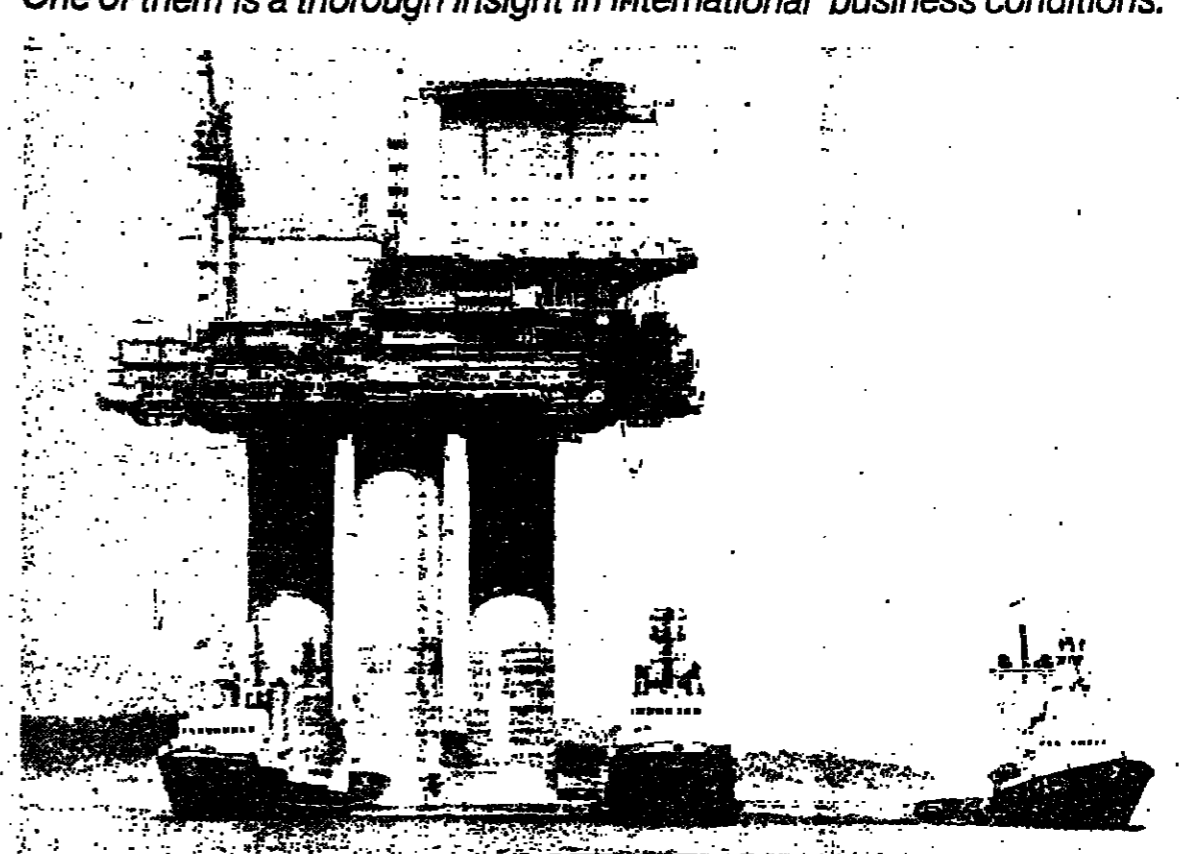
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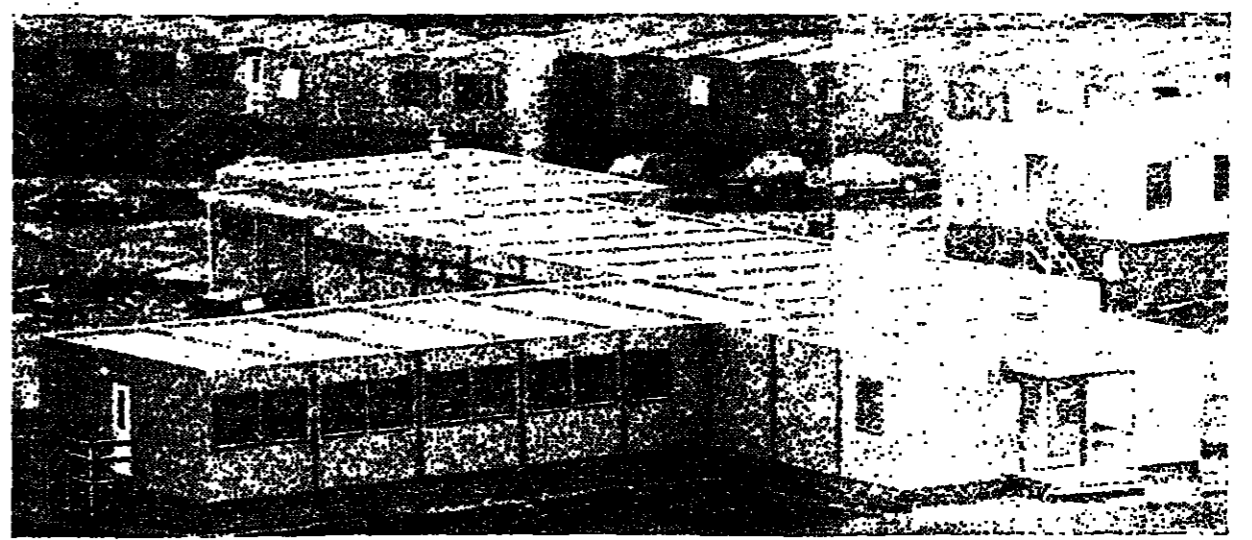
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Success

CONTINUED FROM PREVIOUS PAGE

ould have cost the Exchequer as much as £1.5bn.

Two prominent features of the Norwegian economy over the past two years have in fact been the increase in the budget deficit and the boom in private consumption which has risen 5.8 per cent each year.

Norway has traditionally run a tight fiscal policy but in 1975 the budget dropped into a deficit of about Kr.10bn., which increased to Kr.2.5bn. last year and is expected to be Kr.5.5bn. more this year.

The Government net borrowing requirement has increased to Kr.3.5bn. in 1974 to some £1.0bn. last year and an estimated Kr.13bn. this year. It has been boosted by the loans

to the state banks which have in turn helped to finance industry to maintain employment during the recession.

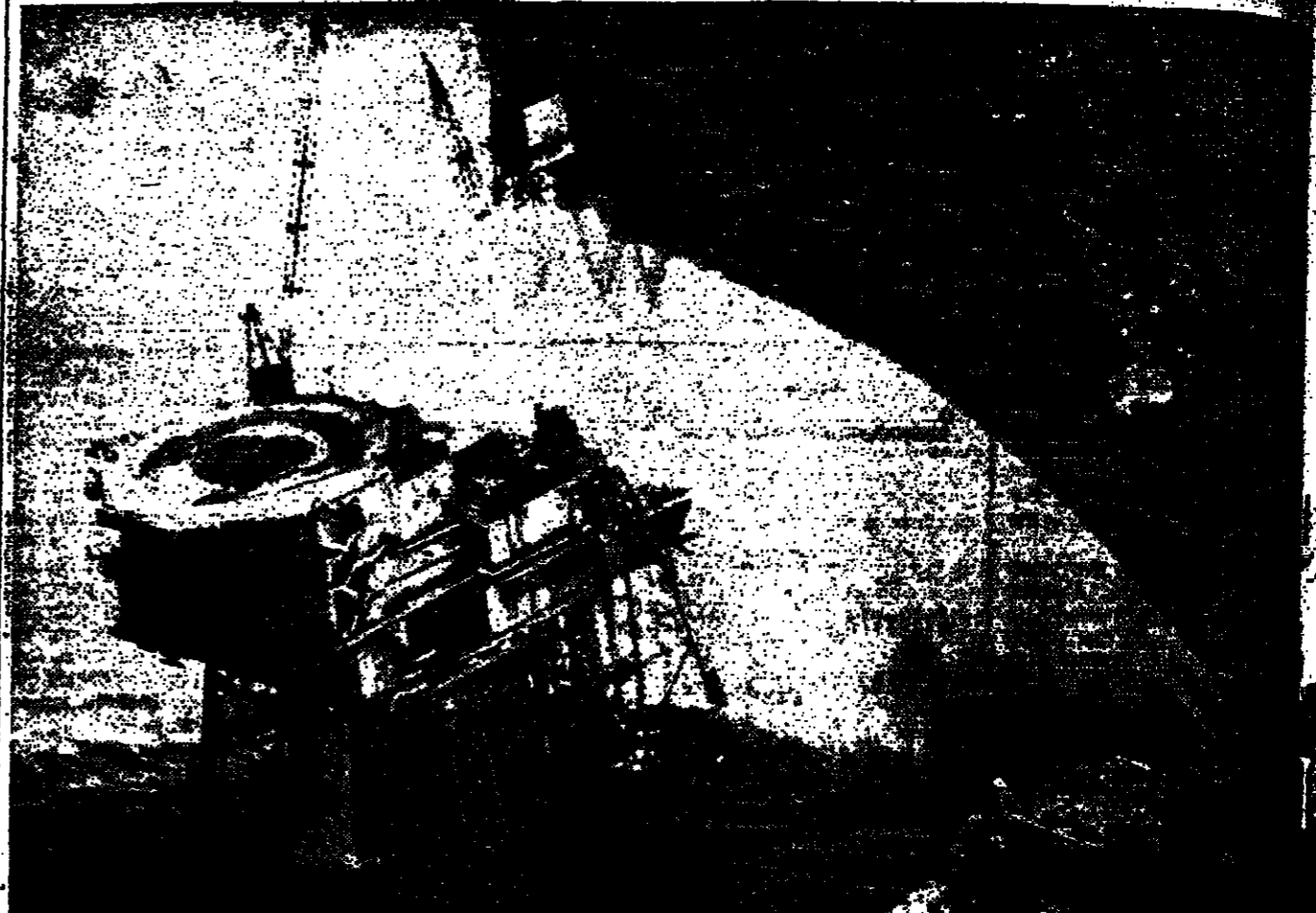
In his annual address to the supervisory council of the Bank of Norway, the Governor, Mr. Knut Getz-Wold, underlined the need to check the growth in incomes and consumption and to reduce the government borrowing requirement, in order to improve the payments position and to stimulate investment in the non-oil sectors.

He was particularly worried about the decline in savings, pointing out that while 90 per cent of the net capital investment had been covered by savings in 1973 more than half had been financed externally in 1976. Although the enormous investments in oil development made this trend unavoidable, public savings have also dropped sharply. In 1976 real net savings were some 18 per cent lower than in 1971.

The OECD has also urged Norway to apply less fiscal stimulus to cut inflation and to pursue a more cautious demand management policy. Government spending must be connected with the fact that Norway is in an election year and it is evident that, if returned to office in September, the present government will make a more determined effort to hold down incomes and consumption. Its long-term programme for 1978-81 foresees an average increase of 1.5 to 2 per cent a year in real disposable in-



NORWAY IV



The blow-out on Ekofisk Bravo late in April — the first major oil accident in the North Sea. Fighting vessel is spraying water over the platform and the gushing oil columns.

# Thinking about the Bravo blow-out

NORWEGIANS are still digesting the first serious mishap in the North Sea oil production. The blow-out on the Bravo platform in the late 1980s. But in the Ekofisk field is best described as a close shave, a reminder of the potential dangers both physical and environmental involved in offshore operations. Had the escaping gas ignited or weather conditions been less favourable, a real disaster could have occurred.

Although such considerations have made an impact within Norway, the Labour Government has taken the line that offshore oil is already part of the Norwegian economy and that the risks attached in its exploitation have to be accepted. But stricter control measures and a greater emphasis on co-operation among the North Sea countries on oil security can be foreseen.

It is also possible to measure the immediate effect of the blow-out on offshore activity. Plans to start drilling north of the 62nd parallel in 1978 have been postponed. The fourth concession round of blocks south of the parallel will be slightly delayed, the Norwegian Parliament will consider licences in the autumn and not this spring and drilling on the new blocks will not start until next year. On the other hand the Government has stood firm on its decision to go ahead with development of the small Hod and Valhalla fields.

The blow-out, then, will add a few further checks to the long list of delays which have punctuated development on the Norwegian shelf and pushed up the costs of extracting the oil and gas. Allowing for the time schedules, however, the massive offshore operation is still moving ponderously—at a pace deliberate but slower than that of the British shelf.

For the oil companies involved and the offshore supply industry it is of prime importance that the delay in allocating new licences under the fourth concession round be as brief as possible. The Government on its side must consider that drilling to find new discoveries will have to get under way if it is to maintain production at the 7m. tons a year at which it is expected to peak in 1985 or 1987.

It is significant that of the 48,000 square kilometres allocated in the 1965 and 1969 concessions over 28,000 square kilometres have already been returned by the companies and more will be relinquished this year. Currently licences are held for only 88 whole or part blocks or substantially fewer than were held in 1974.

The third concession round, motivated principally by the Government's wish to explore blocks along the dividing line with the British sector, resulted in no major discoveries. The rate of exploratory drilling in the Norwegian sector, which has an immediate effect on the employment level, will fall below the 20 to 25 wells a year maintained in recent years, if the Government does not soon license some of the more promising blocks remaining south of the 62nd parallel.

The Cabinet had included 15 blocks in the proposed fourth round, but at the very last moment decided to leave out block 34/7, which adjoins the Statfjord block and is considered the most promising remaining prospect, and 34/8. The Cabinet's argument is understood to have been that if too many new discoveries were made, pressure for their development could mean that the production ceiling of 90m. tons a year would be broken through in the late 1980s. But the decision to omit 34/7 has not gone down well among the companies, whether foreign or Norwegian.

The 15 blocks remaining in the fourth round represent a mixed bag. They exclude the promising 34/10 which it is assumed will be allocated exclusively to Statoil, but include 34/4 block which at one time seemed to be designated for the Norwegian trio Statoil, Norsk Hydro and Saga, and 30/6, a block north-east of the Frigg discovery said to offer interesting prospects.

It is just possible that the delay occasioned by the Bravo blow-out could lead to a change in Government strategy towards the fourth concession round; but to judge by past experience the Cabinet will favour caution rather than a speed-up in the rate of exploration. Proven reserves on the Norwegian shelf are put at just under 800m. tons of oil and close to 750bn. cubic metres of gas. On the exploitation side the picture at present is that only the Ekofisk field is in production (at a rate of just over 300,000 b/d) through the pipeline to Teesside before the Bravo blow-out and had given 31m. tons of oil by the end of February last. Gas should start flowing through the pipeline to Emden later this year, giving the Ekofisk field an eventual capacity of 50m. tons of oil and 22bn. cubic metres of gas a year.

The Frigg gas field, which straddles the median line, is due to start producing at the end of this year at a rate of some 20bn. cubic metres a year through two pipelines to St. Fergus, Scotland. The first production platform has just been towed into place on the Statfjord field, the North Sea's largest discovery to date with total recoverable reserves (including the 11 per cent. on the British side) estimated at 520m. tons of oil and some 100bn. cubic metres of gas. If everything goes according to schedule, Statfjord should come on stream in the beginning of 1979.

The original cost estimate of Kr.20bn. for field development has been doubled. Admittedly the new figure includes the potential cost of a gas pipeline and terminal, but even so the estimate rose by 30 per cent. during 1976 alone. By the end of 1976 close to Kr.23bn. had been invested in the three fields operating later this year, it out of a total projected cost is based on ethylene, vinyl

### Expertise

The Government may decide that sufficient expertise is being developed within Norway for it to be able to do without the international companies in the future, but even some Norwegian officials would see this as a shortsighted policy. Nevertheless, a change of government after the September general election could also produce a change in the official attitude towards international private companies. This applies equally to Saga Petroleum, a consortium of private Norwegian companies which already has a profitable share in the Bamble petroleum chemical project but which is 'aching' to expand its offshore operations.

The Bamble complex, which is expected to cost close to Kr.6bn. when completed, is Norway's biggest single industrial venture so far. Due to start later this year, it out of a total projected cost is based on ethylene, vinyl

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Kraftigset Opplandskraft	\$	7,000,000	64/84	Kingdom of Norway	\$	50,000,000	75/80
Kraftigset Opplandskraft	\$	8,000,000	65/85	City of Oslo	UA	25,000,000	75/85
Redernes Skibskredittforening	UA	10,000,000	66/80	Kingdom of Norway	DM	100,000,000	75/80
Sira-Kvina Kraftselektab	\$	12,000,000	70/85	City of Oslo	\$	40,000,000	76/88
Norges Kommunalbank	UA	15,000,000	71/86	Norpipe	\$	50,000,000	76/86
Aktieselskapet Borregard	\$	15,000,000	71/86	Kingdom of Norway	DM	100,000,000	76/81
Norges Kommunalbank	\$	20,000,000	72/87	Norges Kommunalbank	DM	100,000,000	76/81
Norges Kommunalbank	\$	20,000,000	72/87	Kingdom of Norway	DM	100,000,000	76/81
Norges Kommunalbank	Flux	800,000,000	72/87	Norges Kommunalbank	DM	60,000,000	76/81
City of Oslo	FF	100,000,000	72/87	Kingdom of Norway	DM	200,000,000	77/82
City of Bergen	\$	15,000,000	72/87	City of Bergen	DM	50,000,000	77/89
City of Bergen	Flux	500,000,000	73/81	City of Oslo	Flux	500,000,000	77/87
City of Oslo	UA	12,000,000	74/92	Norpipe	\$	50,000,000	77/85
City of Oslo	UA	15,000,000	74/81	Norges Kommunalbank	DM	100,000,000	77/89
City of Bergen	DM	40,000,000	74/79	Kingdom of Norway	DM	200,000,000	77/82
Norges Kommunalbank	Nkr	220,000,000	75/87	Norges Hypotekforening	DM	50,000,000	77/87
Norges Kommunalbank	DM	100,000,000	75/80	Norges Kommunalbank	\$	75,000,000	77/82
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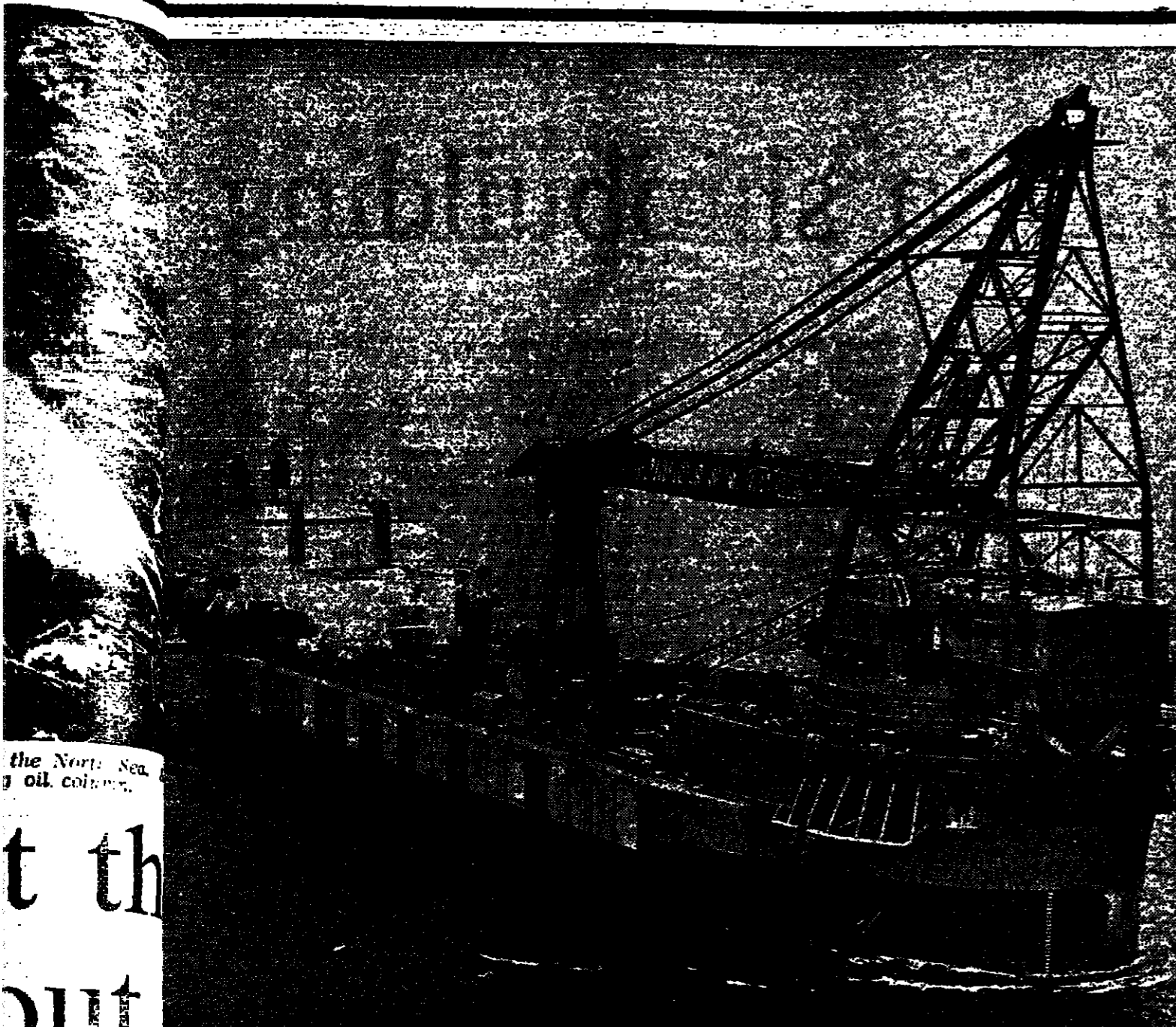
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# NORWAY V



The oil ship Sarita, which was converted from a 50,000 dwt tanker by A. S. Bergens Mekiniske Verkskeder and the Aker Group, has a lifting capacity of 2,000 tons.

## Offshore operations at a standstill

NORWAY'S DRILLING rig owners—already competing desperately for scarce jobs in a tight market, forced to cut rates which barely cover operating expenses and leave them "entirely at the mercy of the banks" (to quote an Oslo broker)—have been dealt another stunning blow by the Ekofisk disaster.

Before the blow-out, the market had seen a very slight improvement in rates. From the \$15,000/16,000 per day to \$18,000/20,000 per day, they had risen to \$18,000/20,000 per day. This was still not enough to meet interest on building, let alone amortisations, let alone the steadily increasing operating expenses.

As a result of the Ekofisk disaster, the market is now in a state of depression. The fact that rigs ordered during the contracting boom of the early 1970s are still being delivered. But this flow will more or less dry up by end-1977. According to Oslo brokers R. S. Platou, 63 rigs were delivered, world-wide, during 1976. At the end of the year only 48 were still under construction, and all but four of those will be delivered this year.

The Norwegian flag fleet of mobile rigs numbered 24 at end-1976; one was temporarily serving as a master accommodation barge, three as accommodation rigs, and one as a diving support rig. Two Norwegian rigs had been sold, and one was out of operation after grounding outside Bergen. There were still 10 drilling rigs and three multi-purpose crane rigs under construction which will fly the Norwegian flag, and all but one of these are due for delivery this year.

Mr. Carl-Axel Janicke, managing director of the Norwegian Drilling Rig Owners' Association, believes that in the long term some of the excess capacity may find employment in new offshore areas being opened up in other parts of the world—India, Pakistan and South America, for example.

He foresees, though, that companies which have managed to retain their rigs and crews intact through the current difficult times will have the best chance of getting the overseas jobs. "New companies will join the end of the queue where new assignments are concerned," he said in a recent Press interview.

With the benefit of hindsight, many people have questioned the business sense of Norwegian shipowners—who placed rig orders so recklessly four to five years ago. The harshest criticism yet published, however, has come from one of their own number. In an interview with Norges Industri, official organ of the Norwegian Federation of Industry, shipowners Nils Astrup said owners who joined the contracting rush were "marked by 'sheep mentality'."

Astrup commented: "It is quite fantastic the amount Norwegian shipowners invested in offshore equipment, first and foremost in drilling rigs, without proper financing, without (guaranteed) employment—all this, moreover, in competition with offshore companies that had decades of experience. In competition with these we believed we could manage, from scratch, to secure a fairly large niche in the market. To-day I regard this as pretty naive."

The North Sea market for most types of offshore supply vessels is also glutted, and rates for most categories fell in 1976. According to Platou, the demand for smaller conventional supply vessels in the North Sea was very limited, because of reduced construction activity, and rates declined dramatically. The time charter rate per day for the smallest vessels fell to \$500/1,000 from \$2,000/3,000 in 1975. During the last quarter, after completion of the North Sea season, activity dropped to a level at which lay-up seemed the most realistic and economic alternative for many Norwegian supply vessel operators. Even so, only a few vessels were actually laid up without crew.

The Norwegian fleet of supply vessels, including anchor handling tugs, increased from 100 units on January 1, 1976, to 123 units on December 31. Seven vessels were then still under construction; all due for delivery in the first half of 1977.

The North Sea has proved no gold mine for rig and supply ship operators, but companies in the service trades, from catering to electrical maintenance, have found valuable new markets offshore. There was keen competition for the catering contract for Statfjord field production platform "A," which will have a labour force of some 650. The contract, worth an estimated Kr25m. (\$2.78m.) annually, is the largest single catering contract yet concluded in Norway. It went to Christiania Dampkjoekken, an Oslo restaurant and delicatessen group that has been involved in North Sea and oil-related catering since 1966.

Among other contracts the company holds are those for the Ekofisk field and one covering several hundred construction workers at the Rafnes petrochemical complex in east Norway. To supply Statfjord, the firm will open a department in the Bergen district.

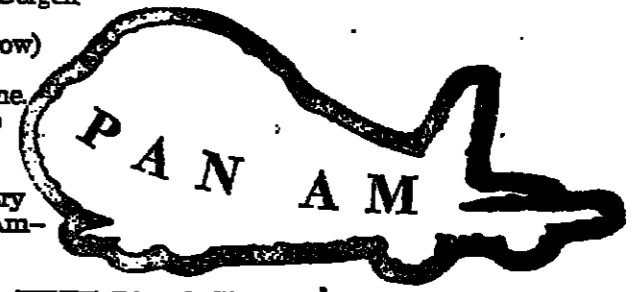
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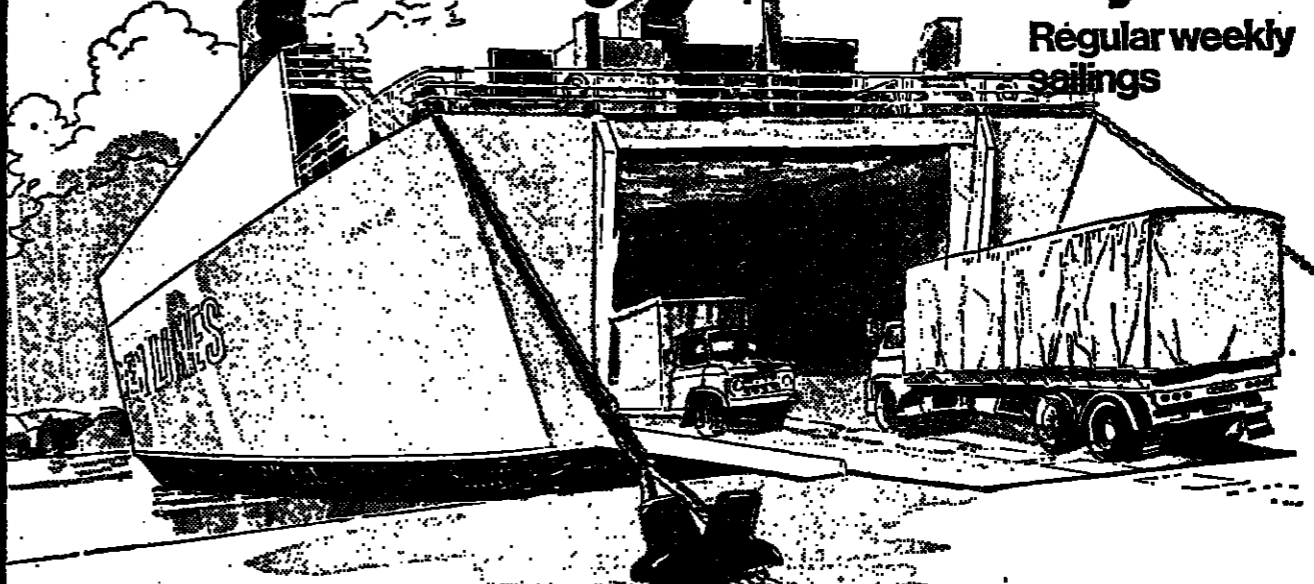
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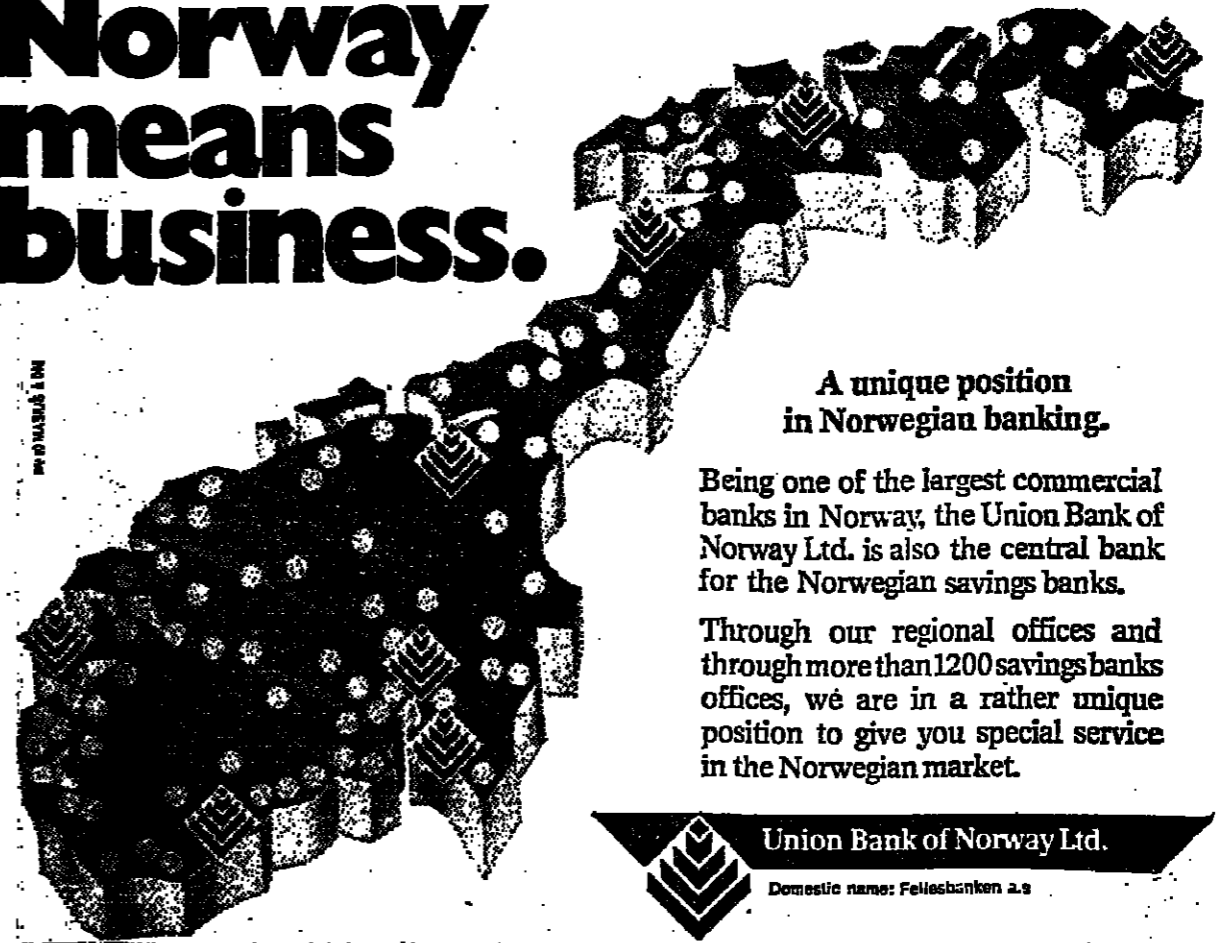
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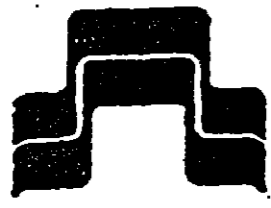
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Balance Sheet as at 31st December, 1976  
(in millions of Norwegian kroner)

Liabilities	Assets	
Capital	Cash & Banks	539
Reserves	Investments	1.083
Deposits & C.	Loans & Disc.	2.221
Other liabilities	Other Assets	184
Total	Total	4.027

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## NORWAY VI

# Crisis in shipbuilding

NORTH SEA demand for drilling rigs and production platforms has helped keep Norway's shipbuilding industry afloat through the world slump so far, and few of the industry's 34,000 workers have yet had to be laid off. Tanker contract cancellations and a fall in the order flow—including offshore orders—have, however, now reduced order books to a precariously low level.

In mid-March, the Minister for Trade and Shipping, Mr. Halvard Bakke, summed up the situation as follows. By the end of 1977 38 Norwegian yards employing 14,000 would have delivered the last ship on their books. Twenty-five yards employing 18,000 had contracts that would keep them busy through 1978, and only three yards, with 1,000 employees, were ensured work through 1979.

Falling new orders, by August this year yards employing a total of 7,000 would have no work for one or more of their departments, and by October yards employing over 75 per cent of the industry's labour force would have idle capacity in certain departments.

The Government's strategy for meeting this crisis has been, first, to pump public money into the industry. A 1.125bn. kroner (£125m.) aid scheme, recommended by a Royal Commission which had studied the industry's problems, was approved by the Storting (Parliament) at the end of

March. It authorises Government loans up to a total of 500m. kroner from a special "structural fund" to help yards convert to activities other than shipbuilding, to buy production equipment which will make them more competitive, or even to finance short-term measures designed to "make work" for otherwise redundant employees.

Moreover, the scheme allows the Government to write off State loans to yards which may be in difficulties when the loans fall due—a provision which some critics say violates OECD rules.

### Contracts

In addition to the structural fund, the aid package provides for Kr.400m-worth of financial guarantees on domestic shipbuilding contracts. It also increases from Kr.250m. to Kr.500m. the amount available to subsidise interest rates on shipbuilding loans to developing countries.

With the assistance of Norwegian yards, brokers and the Export Council, the Government is currently scouring the world for shipbuilding orders that can qualify for the interest subsidy scheme. To benefit, the orders have to come from developing countries, and they have to be for types of ships which will not compete with Norway's merchant fleet—that is, coastal cargo vessels, local passenger ferries, fishing boats and so forth. They also have to be for completion by end-1978, in its

because the whole project is primarily a short-term one, aimed at fighting the threat of early, large-scale unemployment in the shipbuilding industry.

Framework agreements to provide cut-price shipbuilding finance have already been concluded with the Philippines and Egypt, among others, and negotiations are now in progress between interested yards and prospective buyers. The contracts Norway hopes to win in Egypt, for instance, concern equipment for the Suez Canal and a hotel ship for traffic on the Nile.

Even offering the bait of cheap finance, the Norwegian yards have had to squeeze prices hard to win the Third World orders. Shipyards in other countries, where costs are lower, are also interested in this market. With unemployment the alternative, however, the Norwegian shipbuilders have been willing to offer vessels virtually at cost.

Apart from allocating money for loans and subsidies, the Government hopes to help the shipbuilders by speeding up offshore projects which offer the prospect of substantial employment for the industry. Since mobile drilling rigs and offshore support vessels are already in over-supply, the scope for new orders must come from development of new fields.

In mid-April the Government asked the Storting to approve development of the Valhall and Hod fields, near Ekofisk. In its

proposal it emphasised that the project would benefit the Norwegian offshore fabricating industry, which expects to get the lion's share of the orders involved.

The outlook for winning speedy approval of Valhall/Hod has been somewhat dimmed by the Ekofisk blow-out. It is hard to be sure, however, how long the post-disaster mood of soul-searching will last. Workers at the Aker group's Verdal platform-building yard are in no doubt about the project. The yard expects to get at least one of the two production platform orders involved, and its 800 employees want the scheme approved before the Storting recesses for the summer.

To underline their demand, they held a one-hour sit-down strike on May 4, and issued a statement rejecting the argument that Norway should slow down offshore development until safety has been improved. Their stand was promptly backed by the powerful Iron and Metal Workers' Union, to which most shipyard workers belong.

That was one strike which almost certainly had the full backing of management. In its recent annual report the Aker group called for an increase in the pace of exploration and development in Norway's sector, and in particular an early decision concerning Valhall/Hod and Statfjord "B," the projected second production platform for the Statfjord field. Aker has already switched nearly half its capacity to oil-

related work.

A few days after the group said it was "seriously" to say whether an accident would have consequences for fabricating construction. "There is no course to be more on safety and maintenance," said, "but we hope that not going to be at the end of new construction."

According to the Norwegian Federation of Industry, deliveries to the North Sea have actually been over the past few years. A recent statement in the Norwegian industry supplied worth Kr.3.7bn. in contracts last year, compared with Kr.4.9bn. the year before. It estimated this year's at only Kr.2.9bn., and anticipated positive side effects of offshore activity had to materialise because of the pace of development.

### Traditional

Nearly half the jobs in the oil-related industry were not really new jobs. Federation pointed out workers concerned were their old companies, but in new products. Now the industry, expected to give alternative employment to offset decline in traditional act was itself declining. Unless trend were reversed—by ping up offshore development, the Norwegian industry could the chance to develop advanced industry to replace likely to become uncompetitive in the years ahead.

In fact, even in the oil event of a big jump in oil activity, demand from the Sea cannot by itself solve over-capacity problems of way's shipbuilding industry. The haste over Valhall like the fat Government subsidies and the hectic search for related contracts, is meant to win time while shipbuilders "adjust" to fact that they must reduce capacity, or switch to making products.

The Royal Commission studied the industry's problems, suggested that the yards start making steel support bridges and sports halls. A suggestion has been taken up by Norwegian ships, far more economic to run who oppose increasing the —being diesel driven—and will conform to the highest IMCO and U.S. Coast Guard standards. They are among the first large tankers to be ordered with segregated ballast tanks, prescribed by IMCO to reduce pollution risks. Contract price for launching thoughtless the two is reportedly around Kr.500m.

CONTINUED ON  
NEXT PAGE



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Balance Sheet as at 31st December, 1976  
(in millions of Norwegian kroner)

Liabilities	Assets	
Capital	Cash & Banks	539
Reserves	Investments	1.083
Deposits & C.	Loans & Disc.	2.221
Other liabilities	Other Assets	184
Total	Total	4.027

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NORWAY VII

Banking legislation

THREE BILLS designed to make Norway's commercial and savings banks more "democratic" are virtually certain to be passed by the Storting (Parliament) before the summer recess, despite strong opposition from all the country's non-socialist parties. One of the bills would change the laws governing commercial banks, allowing them to take over savings banks and the third would allow commercial banks to take over savings banks.

Inadequate

Some spokesmen for shareholder interests claim the proposed compensation is inadequate. They say that since shareholders will in fact be losing control of the banks and their assets, compensation should be based on the real net value of the banks' assets including every building, typewriter and adding machine. Compensation on this basis would, of course, be far more costly for the State than simply buying up a proportion of the banks' shares.

Such a development, coming on top of the public right to select a majority of the banks' governing bodies, would amount to de facto nationalisation—a solution which not even the Government has advocated. Basis for the "reform" where the commercial banks are concerned, is the report of a Royal Commission which spent nearly two years studying the way Norway's present banking system works. Periodically enough, the report rejected many previous criticisms of the system and concluded that on the whole it worked well—a fact which Norwegian bankers never tire of pointing out.

Bankers' Association advocates in the economy at the moment are strong. While private bankers concede the necessity for curbing the total supply of credit in an inflationary situation, they resent the fact that the curbs usually fall first and hardest on private bank lending. Total State bank lending has in fact grown rapidly over the past couple of years, as part of the Government's anti-recession strategy. Credit supply from the State banks in 1977 has been set at Kr.9.2bn. (just over £1bn.), compared with Kr.6.5bn. from the commercial and savings banks together.

Brake

Each time the Government wants to squeeze credit, it puts a brake on lending by the private banks—normally by raising primary reserve requirements. It raised them by one per cent in January last, and a further one per cent increase is being widely forecast to take effect from May 16 next. (Banks in north Norway have for the time being been exempted from these requirements, because of the region's special economic problems.) The recent incomes settlement requires the Government to hold down price increases during the coming year, and inflationary pressures

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Shipping

CONTINUED FROM PREVIOUS PAGE

If Bergesen's decision is right, the article points out, "it means that today's 'knock-down price' for used vessels is very much their real market price. In view of the rapid pace of technological development, it is natural to ask what today's ships will be worth in the early 1980s when—according to the Guarantee Institute—they will become "profitable to operate." The Bergesen order has come in for some criticism in Norwegian shipping circles, on the grounds that every order placed now will prolong the current oversupply crisis in the tanker market. The company itself claims its move is merely likely to encourage increased scrapping of obsolete, uneconomic and unsafe ships. It also stated that the order does not mean the company expects the tanker market to have become profitable again by 1979.

Meanwhile, owners and their creditors are having to live with the results of past mistakes. Of a tanker fleet totalling some 29m. dwt, 52 ships totalling over 8m. dwt were laid up early this month. The number looked like increasing as the slack summer season approached and rates continued to decline. Even the winter rates paid during the winter simply enabled owners to break even on running costs. There was, nothing left over to take care of interest and amortisation payments. For the other sectors of the fleet, the lay-up situation was considerably better. Three gas carriers were laid up, representing 10 per cent of total tonnage, five combined carriers (9.5 per cent) and only two dry cargo ships (1 per cent). Gross freight earnings by Norway's foreign-going fleet totalled Kr.16.8bn. in 1976 (Kr.15.7bn. in 1975). Costs rose faster than earnings, however, and net earnings by the fleet fell Kr.355m. to Kr.8.4bn. in 1976.

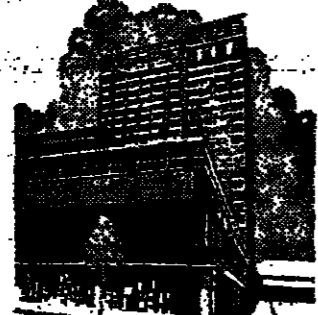
Contrast

The success of Bergesen and some other Norwegian owners, contrasting so dramatically with the debt-ridden situation of others, has led to speculation in Norway about the whole management structure of the country's shipping industry. Ole Lund, a Norwegian shipping lawyer in his early 40s who has helped negotiate settlements between several companies in difficulties and creditors, believes that the industry's problems cannot be entirely attributed to uncontrollable, external factors. The decision-making process within certain companies has "not functioned satisfactorily," says Lund. Traditionally, Norway's shipping companies have been family concerns, and sons have followed fathers in management. Now, in several leading companies, a new pattern is emerging—a mixture of family succession and the introduction of professional know-how from outside. Lund believes this is "a very necessary development, which will create a better basis for the decision-making process, and clearer allocation of responsibility."

Interestingly enough, the Guarantee Institute's manager, Haakon Nygaard, is among the defenders of the deal. An alternative to ordering new ships would have been for Bergesen to join the group which took over most of the Waage fleet—at one time the company was reportedly considering this. The decision to order in Japan would be better business for Bergesen, Nygaard told a Financial Times conference in Oslo last month. The company would get "cheaper, newer and more competitive tonnage." Taking over Waage's ships was also a good business proposition, he added, "but not so good as this one."



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# NORWAY VII

## Testing period for industry

NORWEGIAN manufacturing industry is experiencing a testing period of adaptation with both its own leaders and the Government looking for signposts to its future. Currently it is facing the double impact of the offshore oil development and the international recession which has weakened demand from its traditional export markets. In the near future it will have to go through a restructuring about which there is still considerable debate and uncertainty.

In its very first assessments of the effect of the oil discoveries on the Norwegian economy the Labour Government accepted the principle that

a viable "alternative industry" had to be maintained to provide both jobs and an industrial base for the time when the oil had run dry. In its latest long-term programme for the period to 1981 the Government expects to keep employment in industry at the present level of just under 400,000.

The achievement of these targets will involve such basic issues as the limits to the traditional raw material supplies, the unresolved debate over energy policy, the inflationary effect of oil income and the way in which a future abundance of investment capital is to be channelled into industry. At present only about 10 per cent of Norwegian industry is State-owned but the State oil income will very quickly become the primary source of new capital for Norwegian companies.

Under its present leadership the Labour Party is unlikely to start an extensive nationalisation programme but it would certainly use Government control of investment capital, probably channelled through the State banks, to exercise direction over industry. The Opposition would favour free market principles and possibly the development of a free domestic capital market but the differences among the three main Opposition parties could prevent the formulation of a clear-cut industrial policy. In any event Norwegian industrialists are waiting with excitement for the outcome of the September general election.

For the time being they are preoccupied by the lead in unit production costs over the past three years, low earnings and the financing of substantial unsold stocks of finished goods. The Minister of Industry, Mr. Bjartmar Gjerde, recently calculated that the Government had provided between Kr.3.5bn. and Kr.4bn. in support for industry during 1976 and the opening months of this year, in order to keep the wheels turning and to maintain employment. This figure covers State guarantees and other support measures as well as direct disbursements.

A large part has gone in the form of guarantees to the ship-building industry, but the pulp and paper mills have also benefited. If oil and power production are left out, industrial production in Norway still rose by only some 1.4 per cent last year, which means that output was running about 1 per cent below the 1974 level. Omitting oil, production of export goods rose by just under 3 per cent.

Hardest hit by the continuing international recession were the paper and pulp and steel sectors with the slump in steel also affecting demand for ferro-alloys, one of Norway's specialities. The depreciation of sterling in particular helped keep paper and pulp prices below a profitable level.

### Tough

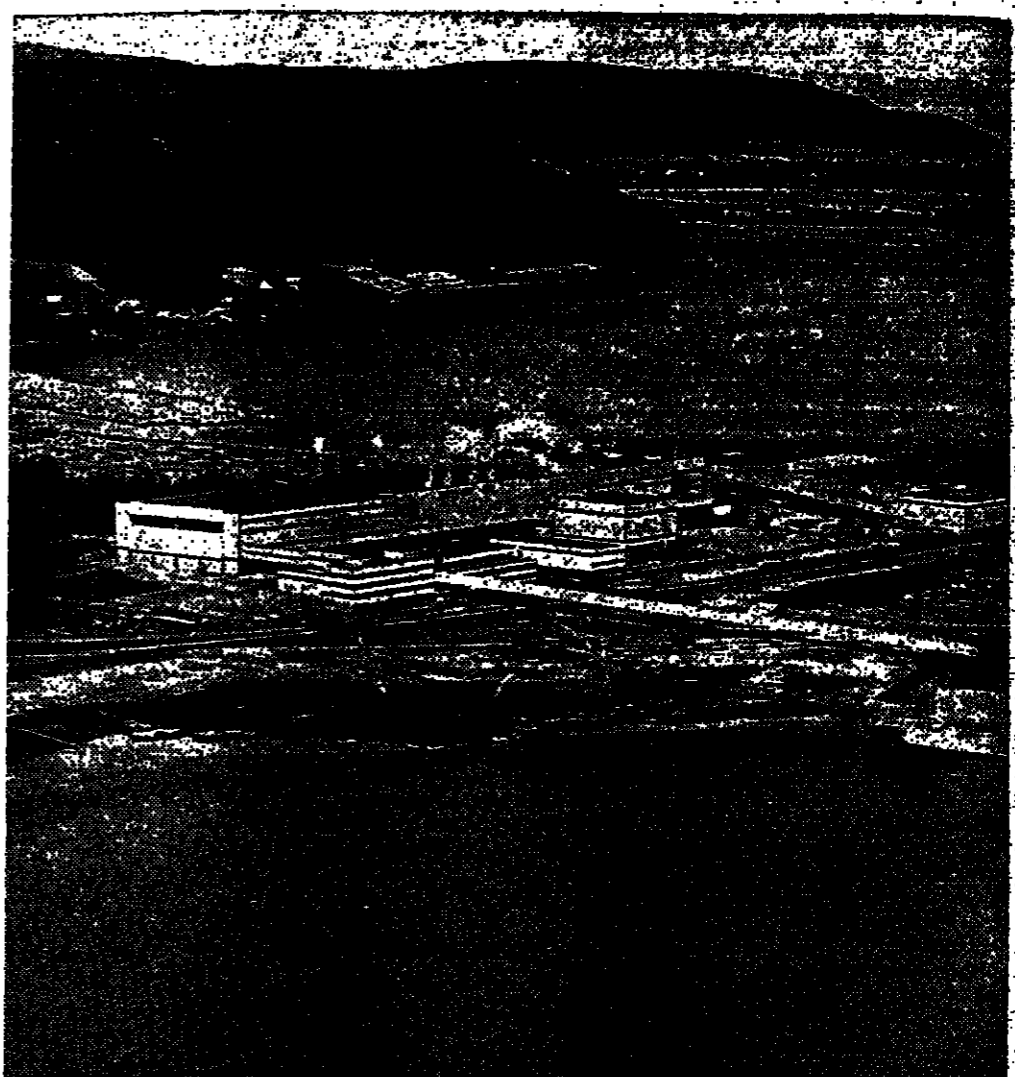
Aluminium, one of the main pillars of Norwegian industry, did considerably better last year, with output, prices and exports all rising substantially. Curiously enough, the textile industry too increased its exports to some Kr.800m. or around one-third of its total output, an illustration perhaps of the tough restructuring it has gone through.

The Federation of Norwegian Industries believes there was no growth at all in industrial investment in 1976 and expects the stagnation to continue this year. The factors inhibiting the will to invest are the low level of capacity utilisation, the present situation and high unit costs. The Federation calculates that unit labour costs in Norwegian industry have risen faster than those of any other country over the past 13 years and now lie second only to Sweden's.

This situation highlights the question of what is to happen to Norwegian manufacturing industry during the oil era. At present the pressures on the companies are extremely heavy. They earn too little money and try to stretch their earnings too far. They work with low liquidity ratios and their capital/debt ratios average well below 30 per cent.

The real investment level, based mainly on borrowed capital, has always been relatively high in Norwegian industry and it can safely be assumed that, in order to compete from a high-cost basis and with a strong currency, it will in future have to concentrate on capital-intensive operations. The raw material and energy factors will largely determine the type of operation.

A petrochemical complex is already being built at Rafnes and the Mongstad refinery is being extended. The availability of the offshore oil will open the way for further investments



The Nordenfjelske Newsprint Mill near Trondheim.

both abroad and at home. In other fields the raw material situation is restrictive. This is particularly so for the fish processing industry for which, in spite of the new 200-mile fishing limit, the need to conserve depleted fish stocks will limit supplies—and also for the timber and paper and pulp business.

Norway produces some 1.5m. tons of paper and board in a good year, exporting about 70 per cent. About 750,000 tons of pulp is made, with 35 per cent going abroad. In recent years the industry has imported considerable amounts of wood and pulp, largely from Sweden, but there is little chance of maintaining this supply, let alone increasing it. In the short term at least domestic timber output cannot be raised.

Both the raw material situation and tough environmental regulations will compel a concentration of the mills into fewer and more effective units. The 250,000-ton Totte project in Oslofjord, for which the Government has just given the green light, points the way.

Aluminium, based on the supply of cheap hydro-electric power, was the kernel of the Labour Party industrialisation programme in the post-war period. Total capacity to-day is close to 700,000 tons a year and the improvement in demand and prices last year put the companies back into profit. Norway is the largest producer of primary aluminium in Europe.

However, an argument which has developed over hydro-electric power puts aluminium into the balance. The conflict is between environmentalists and academic economists on the one hand and industrialists on the other. The environmentalists want to preserve the natural splendours of the Norwegian mountains. The economists argue that it would be more logical to charge a proper market price for the power produced and to export it rather than to subsidise aluminium production.

The industrialists point out that aluminium manufacturing provides jobs while exporting power would not, and that it is better to export energy in solid form. Aluminium also offers a continuous, 24-hour-a-day demand to the power stations. It would also be possible a high-cost country with a

economically to double the present output of 70 TWh of hydro-electric power and, even allowing for the cheapest environmental objections, a further 50 TWh could be built up, it is argued. Aluminium is also important in the economic foundation for several local communities which would otherwise cease to exist.

The Government, which has just extended its holding in Aakdal og Sundal, the largest producer, to 75 per cent, will determine the industry's future. It holds a controlling interest in Norsk Hydro, one of the two other main manufacturers, leaving only Elkem Spigerverket's Lista plant in private hands together with a small Alunuisse plant.

### Input

The Government's new long-term programme suggests there is little room for expanding output of primary aluminium. All the companies are researching energy-saving methods, production of semi-fabrics is being extended and some companies are moving into casting. Aakdal og Sundal is expanding its foundry at Hoegsanger and has moved into finished aluminium products. To remain competitive, the industry will require a heavy capital input and in the long run will have to develop completely automated production lines.

There is little doubt that energy-based manufacturing, including magnesium, fertiliser and ferro-alloy production, will continue to form an essential part of Norway's export industry but the restrictions on expansion are likely to force it into new channels. The process has already started. Elkem Spigerverket, for example, one of the world's largest producers of ferro-alloys and electric smelting furnaces, has built a new steel mill in Manchester power produced and is expanding aluminium casting plants in Britain and Holland and is investing in a new ferro-silicon plant in Iceland.

Elkem - Spigerverket also illustrates the other main drive in Norwegian industry, the development of specialised skills and of the knowledge-based manufacturing typical of

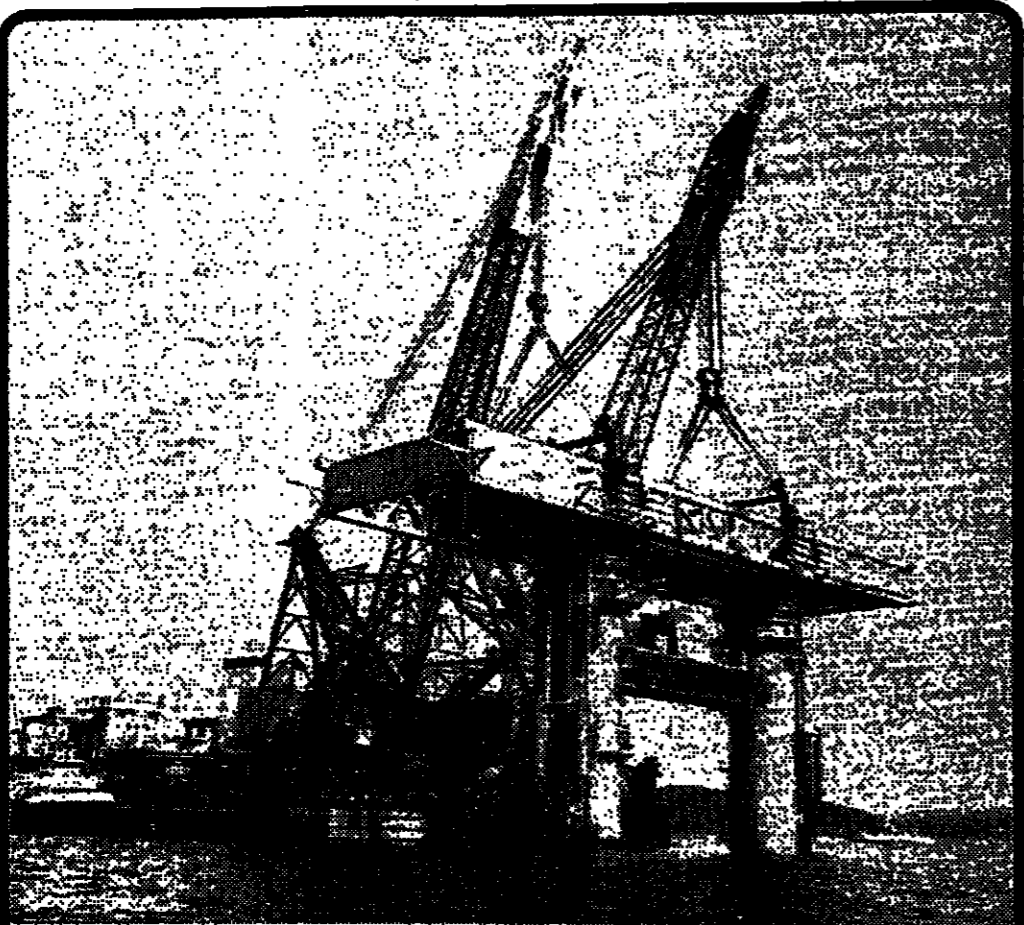
limited raw material base. The Kvaerner engineering group, for instance, one of the few Norwegian companies to improve earnings last year, depends largely on the innovative ability of some 850 engineers. It produces a wide range of specialised products connected with hydro-electric power production and shipping, including turbines, pumps, shore anti-pollution equipment and gas ships.

Kongsberg Vaapenfabrikk State-owned in contrast to the wholly privately-owned Kvaerner Group, shows similar development prospects. From ammunition and weapons manufacturing it has expanded into gas turbines, electronic navigation numerical control systems and data processing equipment as well as new exports well over 70 per cent of its output. It has just won a contract worth over Kr.1bn. to produce gas turbines for the General Dynamic F-16 fighter ordered by four NATO countries.

All these companies have moved into manufacturing on based on raw material or cheap energy—in other words, in fields where they have a natural advantage and the ability to exploit technologic skills. It is partially limited high cost levels. Viewed objectively, the natural course would seem to be for more of the to follow Elkem-Spigerverket example and invest in production abroad, but such a development depends on government policy and future use of oil revenue.

Electronics and electro-technical machinery is another area in which the Norwegians have been trying to develop an alternative industry, but with mixed results. At present a co-ordination agreement is being worked out among Kongsberg Vaapenfabrikk, Tandberg and Elektrisk Byraa, the telephone equipment producer, in which the Swedish L. M. Ericsson is being persuaded to reduce its holding from 46 to some 25 per cent. Elektrisk Byraa recently too specialised in radio lines and marine equipment. Despite some individual successes the viability of a Norwegian electronics industry has yet to be proved.

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# A critical poll for confused Israelis

BY RICHARD JOHNS, Middle East Editor, Tel Aviv

ISRAELI VOTERS are more perplexed than ever before, as they go to the polls for the country's ninth most critical general election yet. Faced with the unpalatable choices which a national peace initiative in the Middle East would pose—equally or more preoccupied with the apparent potency of the political momentum and social problems of the nation, it is politically correct to see the electorate as a whole...

Labour will come out of the election significantly weakened though it should be the largest faction in the next Knesset. The party political system will be more fragmented than ever not least because of the first appearance of the polls in the Democratic Movement. In a political configuration which was already complicated enough, the DMC's emergence will probably be a crucial factor in the formation of the next coalition, which will be a more confusing process than ever. There may even be complete paralysis leading to another general election.

The voters have not been helped by the absence of constructive debate and the mud-slinging campaign in which attacks on opposing personalities and parties have come before presentation of programmes which are remarkably similar in their approach to domestic problems. The uncertainty of the election has been shown by the unprecedented number of people entitled to vote who have voted until the last moment, more making a choice. The issue of an Israeli election is never been so difficult to predict. But at least some

## TODAY'S PARTY POLITICAL LINE-UP

Parties	1973 election seats	% votes (rounded up)	1977 election seats	% votes (rounded up)
Labour-Mapaam	56	46	51	39
Alignment	4	3	3	2
Arab List (affiliated to Labour)	4	3	3	2
Likud*	26	21	39	30
(Gahal, State List, Free Centre)	2	1	1	1
Independent Liberals	4	3	4	3
Mer Religious Party	7	10	10	8
Torah Front (Agudat Israel, Poel Agudat Israel)	2	2	2	2
Citizen's Rights New Communist List	3	3	3	3
Others	3	3	1	5

\* Formed a merger in September, 1973. † Formed a merger for the Dec. 1973, elections.

Israel's political and economic fortunes for the worse that it inevitably damaged Labour. Three years ago, Mr. Yitzhak Rabin assumed the leadership of the party as the nominee of the party establishment. But he was untroubled by the October War and was a face fresh on a tired political scene. His conspicuous failure to provide firm leadership, to preserve coherent coalition unity and to evoke popular appeal had done the damage well before his resignation. Last month following exposure of the illegal bank account in the U.S. held by him and his wife. Compared with the scandals caused by the conviction of Mr. Asher Yadin, his nominee for the governorship of the Central Bank, and the suicide of Mr. Avraham Ofek, the Housing Minister following allegations of embezzlement, his conduct seemed a minor peccadillo. Yet it was the generally shabby conduct of the Labour Party which had inspired the creation of the DMC.

been much less serious than might have been expected. Narrowly defeated by Mr. Rabin in the contest for the Labour leadership too late in the day to have much say in the selection of candidates or in the planning of a somewhat disorderly campaign. However, which has given Israel a nasty taste of the political system, the country's most subtle politician, immeasurably more attractive to a wide electorate than his lack-lustre predecessor, he may save Labour half a dozen seats which Mr. Rabin would have lost.

In the event, the left-wing Mapai Party did not fulfil its threat to pull out of the alignment. If Mr. Peres became Leader. At the other extreme Mr. Moshe Dayan, who retains magnetic power for many, ended his flirtation with the Likud and accepted sixth place in the list on receiving an assurance that a Labour Government would not part with any of the West Bank without calling a new general election. Before Mr. Peres took over the leadership it had been decided to give priority to foreign policy rather than the economic and social front where Labour as the main repository of power for so long has been so vulnerable. The campaign has projected the party's experience in dealing with the U.S. its claim to be the only one able to cope with a renewed American initiative and, by implication, the best prospect for thwarting pressure for a settlement on terms unacceptable to the Israeli consensus. Conversely, it has pictured the hawkish Likud as a party which would create deadlock with Washington and make war with the Arabs a probability. Without doubt this strategy

Opposition are seeking to achieve power for the ninth time. Labour advertisements depict the Likud as a learner driver falling his test again with a horrendous crash. Now a government and its policies are being scrutinized with a more genuine democracy into political life.

The DMC is also calling for an immediate plan to reduce inflation to 15 per cent. and introduce compulsory arbitration of industrial disputes in essential services like ports. A fourth requirement for joining a coalition would be the acceptance of territorial concessions as part of a final peace settlement but this should not mean the creation of an independent Arab state between Israel and Jordan. The DMC gives priority to internal reform in the belief that only when greater democracy and strength is achieved can Israel properly face up to the difficult questions of a peace settlement.

On borders and security, the DMC sees eye to eye with Labour but it is closer to the Likud on economic and social questions. Labour or Likud could try to form a coalition with the DMC if one obtained a meaningful lead over the other; half a dozen seats and the DMC is strong enough to be a credible partner if it joins 15 or so seats. Both provisions are big ones. A second rather more remote possibility is for a Labour-Likud coalition. In their present form however, neither could easily enter into such a marriage. The outcome could well be deadlock lasting deep into the summer. Whatever the result, it is difficult to see the creation this year of an Israeli Government able to enter into negotiations with the Arabs even if adequate basis for agreement existed.

## Top rates of income tax

Mr. C. Beattie, QC.

On Mr. Pardon's suggestion (May 13) that no one should be liable for more than 50 per cent of earned income in tax, the following table shows the taxable earned income of a single person would have been followed:

Income	Rate of tax
£5,000	35
10,000	45
15,000	45
20,000	45
25,000	50
30,000	55
35,000	60
40,000	65
45,000	70
50,000	75

## Letters to the Editor

In my opinion the union was unconstitutional in its handling of the questionnaire and I am now one of the disgruntled members of the union. I am disappointed at the action taken by my union which I joined in the conviction that its members, bankers of this country, are a responsible section of society. I still adhere to that belief and I call on the National Union of Bank Employees (NUBE) to recognize it and treat us accordingly.

## Letters to the Editor

nationalists overseas and providing a channel for exchange of views and information between Government and the public. Let the Foreign Office abandon its delusions of 19th-century grandeur and apply its collective mind to the above questions, and to the real interests of modern Britain, in small nation struggling for economic survival in a mainly hostile world.

## To-day's Events

GENERAL Mr. Denis Healey, Chancellor of the Exchequer, is principal speaker at a confederation of British Industry annual dinner, Dorchester Hotel, W.1. Mrs. Shirley Williams, Education Secretary, addresses Industrial Society New Action lunch on "Education and Industry" at Carlton House Terrace, SW1. Index of industrial production for March published. The Queen and Duke of Edinburgh visit Glasgow. Prince of Wales visits Isles of Scilly, Appledore, Exmouth and Tavistock. EEC Finance Ministers and Agriculture Ministers end two-day meetings, Brussels. Talks on new Anglo-U.S. civil aviation agreement continue.

## Bank staff cation

Mr. P. Griffin. I refer to your report of my on the industrial action of a minority of National Union of Bank Employees members of the United Kingdom staff and particular to the comments by Mr. Gambie, the union's assistant secretary. The bank prepared a draft letter to all members of its staff and although it does not have negotiating status on pensions, the bank, of courtesy, sent a copy of draft to the union before it called a meeting of members on April 4 before any negotiation had taken place. The bank and in the open remarks at that meeting the committee directed the discussion towards industrial action members had a chance to see the declared reason for meeting, the partial integration of the bank and state employees. Our branch secretary not deny this and seeks to justify the action by saying that litigation did not help at all. Barclays and other banks of whom have already indicated integration for existing staff would therefore, questionable remarks that the members who had taken were forced to do so because of several abortive consultations with the Bank any member who attended meeting of April 4 and read questionnaire in which we asked to say if we supported industrial action, must realize that our union was a last ditch effort to prove members in other banks that action was the only effective way of achieving success.

## Pensions clawback

From Mr. D. Holland. Sir—As a member of the staff of the Standard Chartered Bank and of the National Union of Bank Employees, I write with reference to your report (May 13) of action being taken over pensions clawback. No such provisions for pensions clawback exist at Barclays, Midland and Williams and Glyn's. My understanding of the situation is that, while the rules of the pension funds of Midland Bank and Williams and Glyn's have been amended to allow its introduction, no moves have been made to actually implement clawback in either organisation at this time. In Lloyds Bank clawback has been introduced for staff joining on or after 1st January 1974, and not for existing staff. Only in Barclays Bank has the intention been announced to reduce the pensions of existing staff. The representatives of the staff of Standard Chartered have repeatedly sought an assurance from their employer that the pensions of existing staff would not be affected, but the employer has not been able to give this assurance. We regard our pensions as that part of our salary which is kept in trust for us until we retire—and it is the move to reduce that "deferred pay" that is the cause of the present dispute. I am writing to you on Thursday, May 12, the City of London was treated to the unusual sight of 400 or more bank employees on the march. D. G. Holland. 121 Farnham View, Harrow, Middlesex.

## Transport sense

From the Honorary Secretary, London Area, Railway Development Association. Sir—Having just read your summary (May 13) of the Select Committee's report on the role of British Rail in public transport, it remains to be seen whether its recommendations find their way into the forthcoming White Paper. As much of the evidence submitted to the Select Committee will have been identical with that submitted last year in response to the transport policy consultation document, it would be logical to assume that the White Paper will reach similar conclusions. Unfortunately the track record is otherwise as frequently conclusions and recommendations by Select Committees on the public transport matters have been disregarded. In your leader you refer to the recommendation to write off the remaining £250m. capital debt. Surely it would be more appropriate to increase the capital asset figure of BR to a realistic level and to waive interest charges so that at least BR's capital structure would reasonably reflect the capital assets involved. Such a move would follow the pattern when arranging British Steel Corporation's capital structure by the creation of public equity capital. This would then also allow a realistic depreciation charge to be established on the basis of replacement values. Both these ideas have been advocated for years by this association and one can but hope that these essential corrections will now at last be made. K. Meyer. 5, Pembroke Crescent, W.11.

## Live and let live

From Mrs. V. Cox. Sir—It is normally given to voicing my opinion in print, but I do feel very strongly about the row going on in connection with Mr. Peter Jay. I am not a Labour supporter, but I do feel it is grossly unfair to harp on about Mr. Peter Jay's small connections and interfering that this is why he has been appointed British Ambassador to Washington. In the same way that this would be the wrong way for him to get the post, surely to harp on about his connections and interfering that this is why he has been appointed British Ambassador to Washington is equally wrong. Give the poor chap a chance to prove himself one way or the other. I also feel that to launch a smear campaign, by any party, either by a chance remark being blown up out of proportion or by anyone trying to justify the appointment, is not only misguided and petty, but it is also degrading to those involved. Valerie J. Cox. 53 Fairgreen Road, Caddington, Nr. Luton, Beds.

## Railway manning

From the Editor, Railway Gazette International. Sir—If in your own words "the decline of the railways has long passed the point where the system's carrying capacity became insufficient to enable it to meet the cost of its own replacement" (May 13) it is hard to see why you reject a strategy based on raising both productivity and revenue in favour of further cuts in services. With some 40,000 men already redundant in all but name, the immediate effect of any cutback in services must be to reduce productivity and revenue still further. Of course, if you assume that the unions will allow BR to shed staff through closures but not by negotiating cheaper methods of working, then you have a case. But to applaud Anthony Crossland for seeing no options other than closing down lines or raising the subsidy questionnaire in which we asked to say if we supported industrial action, must realize that our union was a last ditch effort to prove members in other banks that action was the only effective way of achieving success.

## The value of diplomats

From Mr. G. Mitchell. Sir—The somewhat unseemly wrangling about the merits of the present and proposed holders of the Washington ambassadorship may serve a useful purpose. It may focus attention on the whole question of the value of the diplomatic service as now constituted and employed. No doubt the way and how useful are ambassadors? Do large heavily staffed embassies serve any better purpose than providing outdoor relief for the less uncouth products of the older universities? Might a more modest establishment—say, one that met the essential functions of protecting British interests abroad, would be more effective.

## Burmah and the Government

From Mr. A. Mackay. Sir—In his Budget Mr. Healey said that the Government will sell part of its own holding in the expectation, based on strong legal advice about the merit of the Burmah claim, that we shall in due course be able to consolidate the 51 per cent holding by securing the transfer to the Treasury of the stock now held by the Bank. To the layman this might seem an almost contemptuous prejudging of the case, which is the job of the Courts. But suppose that Burmah, which has been assured by learned counsel, should win the case and the Bank is ordered to return its 20 per cent holding of BP shares against payment of £175m. cash, what then? If the Government does not want to end up with only 31 per cent, will it not have to offer Burmah a very fancy sum indeed, well above the then market price, to secure them? And if the Government at present feels it worth holding on to 51 per cent of the BP capital, as a sound investment for the future, what is all this panic to sell now rather than make sure by awaiting the outcome of the case? Should the Government end up with only 31 per cent, the British public might not be too pleased with it, for having gambled on a "racing certainty" and lost. A. G. Mackay. 37 Park West, Dublin 4, Ireland.

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# COMPANY NEWS + COMMENT

## Assoc. Paper recovers to £0.79m. halftime

THE GOOD recovery fore-shadowed by the directors of Associated Paper Industries in March has materialised at the interim stage in the form of a turnaround from a loss of £218,874 to a profit of £784,812 for the six months ended April 2, 1977. This recovery is expected to continue.

The interim dividend is raised from 0.5p to 1.1p. The directors expect to be able to restore the dividend for the current year to a maximum permitted 2.84p. The total for 1976-77 was 1.5p having been cut from 2.6p in the previous year. Profits hit a peak of £1,977m in 1975-76, fell to £382,900 in 1974-75 and this was followed by a loss of £330,000 in 1973-76.

The directors point out that the 1976 half year loss included £181,780 relating to losses by Edward Collins, which ceased production on February 27, 1977. Extraordinary items in respect of that period of £15,733 also relate to that closure.

On Friday the company repaid the outstanding £247,868 nominal of the 6 per cent. Loan stock at 98p per £100 nominal of the stock. This was paid out of existing resources.

The repayment was made because under the current year total group borrowings were limited to three-quarters of aggregate share capital and reserves. While the present level of borrowings is comfortably within this limit, the increased demands for working capital resulting from the improvement in trading conditions are being reflected in greater use of the borrowing facilities available and had this limit remained the directors feel that it would have proved increasingly restrictive.

### HIGHLIGHTS

French Kier has shown strong recovery with a £5m. turnaround to profits after amounts written off development land. The Borough of Sunderland is issuing £15m. of 12½ per cent. stock 1984 at 99½ per cent. and Lex also discusses the announcement of a £400m. Variable Bond Issue, full details of which will be announced later this month. Cosalt has brought forward its rights issue intentions following the news of an investigation by the Department of Trade inspectors: some £645,000 is being raised by way of a one-for-two issue at 30p, while a profits forecast of £1m. for the first half has been given. In line with other paper groups, Associated Paper has shown a marked recovery which has been bolstered by some reorganisation.

## Increase for Cater Ryder

AFTER PROVIDING for rebate and tax, and transfer to contingencies, consolidated profit of £11.48m. (£9.16m.) Net current assets were £108,011 (£135). Including the subsidiary, net assets were £11,592m. (£9.16m.). Net asset value was 60.96p (48.15p) per share.

SECOND HALF profits from Pentland Industries show a rise of £104,000, to give £587,000 for 1976, compared with £198,000. Present trading is satisfactory and provided the economic climate does not deteriorate 1977 should be a year of further achievement.

The group specialises mainly in importing and exporting footwear and general merchandise, and in service fields with the accent on shipping and transport. Turnover in 1976 expanded from £7.17m. to £10.81m., with exports accounting for £1.5m. (£1m.) and overseas operations £2.8m. (£1.8m.). Earnings per 10p share are shown at 3.05p (1.62p), and Treasury permission has been obtained to lift the dividend from 0.28p to 0.62p. The final is 0.41p.

Turnover 1976 1975  
Profit before tax 2,880 2,722  
Taxation 387 385  
Extraordinary items 65 68  
Retained 2,428 2,050

Under the agreement regarding the acquisition of Amalgamated Shoe in May, 1976, a further and final issue of 125,291 Ordinary shares have been issued to the

## Pentland rise is £164,000

SECOND HALF profits from Pentland Industries show a rise of £104,000, to give £587,000 for 1976, compared with £198,000. Present trading is satisfactory and provided the economic climate does not deteriorate 1977 should be a year of further achievement.

original vendors based on the "relevant profits" for 1976. Terms of the agreement have now been finally satisfied.

## British Borneo advance

AFTER A mid-way standstill at around £438,000 pre-tax profits of British-Borneo Petroleum Syndicate moved ahead in the second half of the year to March 31, 1977 and finished £78,180 in front at £516,180.

Earnings per 10p share expanded from 8.2p to 9p and the dividend total is lifted from 3.489p to 6.037p with a final payment of 3.548p net.

The market value of investments at March 31 was £9.17m. compared with £7.99m.

	1976-77	1975-76
Dividends and int.	394,144	439,261
Residual of int. etc.	466,796	346,705
Admin. expenses	28,777	31,824
Exchange losses	81,373	61,898
Excitatory expenses	1,716	1,716
Profit before tax	787,586	660,269
Corpn. tax	246,444	212,750
Retained	541,142	447,519
Net profit	493,428	347,681
Extraordinary debit	27,900	—
Available	521,528	347,681
Dividends	271,665	247,065
Carried forward	249,863	406,736

Expanded to £516,180 compared with the offer by Consolidated Gold Fields to acquire all the issued share capital of the company.

## First half upsurge by Crean

A SHARE rise in turnover from £4.46m. to £5.57m. resulted in pre-tax profit of James Crean jumping from £78,000 to £308,000 in the six months to December 31, 1976.

Stated earnings per 50p share are up from 4.59p to 6.77p and the gross interim dividend is raised from 3.75p to 4.25p. Last year's final payment of 7.5p was made from profits of £884,000. Tax for the first half took £248,000 against £139,000 leaving the net balance up from £139,000 to £233,000.

The company's interests lie in the bottling, distribution and wholesale beer, the manufacture and distribution of mineral water and the distribution of electrical and industrial products.



Mr. J. C. S. Mott, chairman of French Kier.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corre- sponding div.	Total for year	Total for last year
Associated Paper	1.1	July 1	0.5	1.3	1.3
Brit-Borneo	3.99	July 7	3.63	4.04	3.49
Cakebread Robey	1.2	July 7	1.1	1.5	1.38
Chesterfield Props.	24.25	July 7	11.18	17.3	13.78
James Crean	2.88	—	2.53	3.58	3.35
French Kier	0.5	—	0.05	0.5	0.05
Harcros	1.3	July 1	1.17	1.0	1.0
L. Lipton	2.0	July 5	2.0	—	—
Messina (Transvaal) Int.	0.41	July 9	0.21	0.6	0.43
Pentland Inds.	0.37	July 11	0.52	—	—
Spooner Inds.	0.1	July 8	1.0	3.3	2.9
Young Cos. Inv. Tst.	0.1	July 8	0.60	—	—
Tonghai East. Tin	119.23	July 8	—	—	18.82

Dividends shown per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Gross throughout. §Gross percentage. ¶South African cents throughout.

## Record £1.5m. profit by Chesterfield Props.

AFTER BEING up from £0.39m. to £0.51m. at half-time, pre-tax profit of Chesterfield Properties and those of Hay's Wharf for which the group is a subsidiary, to a record £1.54m. during 1976. Turnover was similar at £3.5m. (£3.42m.).

Stated earnings are up from 8.42p to 8.53p per 25p share—net final dividend of 2.978p lifts the total to 3.578p. The previous year's 3.485p included 0.09699p for 1974. If ACT is reduced a corresponding increase in the distribution will be recommended.

Attributable capital profits of around £2m. net were earned of which about £0.4m. were overseas.

	1976	1975
Turnover	3,485	3,424
Property investment	2,965	2,977
Management fees, etc.	387	153
Other activities	12	178
Interest	74	1,284
Outgoings	132	111
Share losses assoc.	179	178
Profit before tax	2,499	2,599
Taxation	961	147
U.K.	729	312
Overseas	232	115
Minority interests	—	—
Attributable	1,778	2,282
Retained	31	31
Revised	1,809	2,313

Outgoings attributable to U.K. development properties amounting to £24,000 net of £20,000 net of relief (£13,000) have been excluded and offset by a corresponding transfer from overseas development properties amounting to £27,000 gross have been included. On deferred development, 5 shares were issued by one of the company's subsidiaries, but which the company's share amounted to £7,000. \*Amounts reduced by taking credit for substantial capital allowances. No comparable source of relief was available in 1975.

## Young Trust earns and pays more

The year to March 31, 1977 at Young's Companies Investment Trust resulted in pre-tax revenue expanding from £282,192 to £344,679 and an advance at the net level from £197,861 to £222,834. Earnings per £1 share rose from 3.04p to 3.45p and the dividend is lifted from 2.5p to 3.3p with a final payment of 2.1p net.

Net assets per share at March 31 were 74p (68.5p). The un-audited net asset value at May 6 was 78.2p.

## Anglo-Swiss on road to recovery

In the second half of 1976, Anglo-Swiss Holdings achieved a turnaround from a loss of £126,247 to a taxable profit of £17,842. This left the loss for the full year at £55,158 compared with £73,247.

At half-way when reporting a deficit of £103,000 the directors said that they thought the downward trend had bottomed out. Yearly loss per 25p share is 1.47p (1.57p) and again there is no dividend. The last payment was a total 3.1657p net for 1974.

Turnover for 1976 advanced from £2.70m. to £3.35m. and tax took £41,534 (£32,340). The loss after extraordinary items was £38,184 (£40,901).

The directors report that the chairman's annual statement will outline measures being taken to restore profitability. During the current year the company's borrowings may approach £680,000 and facilities have been arranged with the company's bankers.

## Stable pound could boost Ocean T & T Alpine shares suspended

Sir Lindsay Alexander, chairman of Ocean Transport and Trading, told the annual meeting yesterday that if the pound remained stable there would be a "very substantial improvement" in attributable earnings over 1976.

He explained that in respect of future instalments of repayments of foreign currency loans, the group had already provided against losses which have not yet been realised and may never be realised if the pound were to appreciate before repayments. This conservative treatment militated against our attributable profits in 1976 resulting in a net debit of £3.2m.

A halt was called yesterday to stock exchange dealings in the shares of Alpine Holdings, the double-glazing and aluminium windows group. It came at the request of the directors' pending an announcement by the company.

As the suspension was announced Alpine shares were standing at 31p, valuing the company at £3.1m.

Mr. Alan Dyer, the chairman, said later the group would be making a full announcement today. He could not give any details at this stage, but he said: "It isn't bad news that we will be announcing."

# ISSUE NEWS AND COMMENT

## Sunderland raises £15m. of stock

The list of applications opens this Thursday for an issue of £15m. of 12½ per cent. Redeemable Stock 1984 by the Borough of Sunderland at a price of 99½ per cent. payable as to £10 on application, £40 on July 26 and £41 on September 28. Proceeds of the issue will be used to replace temporary borrowings and meet authorised capital expenditure. Interest on the stock will be payable half-yearly on June 15 and December 15, with the first payment of £3,9298 (less tax) per cent. due next December.

Applications must be for a minimum of £100 of stock or multiples of £100 up to £1,000. Larger applications must be on the following scale: above £1,000 and up to £5,000 in multiples of £500; above £5,000 and up to £20,000 in multiples of £1,000 and applications in excess of £20,000 in multiples of £5,000. Brokers to the issue are J. & A. Scrimgeour.

Prospectus Page 30 See Lex

## APE DEBT

Amalgamated Power Engineering's rights issue document reveals that on April 30 the group had outstanding borrowings of £24.5m. On the other hand net and short deposits amounted to £47.2m.

## MARSHALL'S—95.8%

Marshall's "Universal" issue of 1,375,000 shares on basis of one-for-two at £1.45 has been taken up to £3.83 in multiples of £1,000 and

## Cosalt raises £0.6m.

Cosalt, the Grimby-based caravan and ship chandlers group, is raising £645,000 by a 30 per cent. discounted rights issue. Terms of the offer are one-for-two at 30p a share and compares with a market price which rose to 44p on Friday.

The Board states that in view of the possible uncertainty caused by the appointment of Department of Trade inspectors in progress following the acquisition of Orbit Holdings, a subsidiary of Cosalt, the announcement of the rights issue has been brought forward. Originally the company intended to make an offer on May 24.

The issue is to provide working capital requirements for the recent acquisition of the assets of W. and J. Knox and its Finance Division. The business at present being experienced by the trading divisions of the group.

A forecast of first-half pre-tax profits to exceed £1m. against £899,000 is made and the dividend for the current year will be 3p a share, against 2.75p last year. Each trading division is operating more profitably than in 1976.

Referring to the inspectors' inquiries the group states that losses incurred by Orbit from the time of its acquisition in October, 1974, have already been disclosed, and nothing will be learnt that can detract from the present value of Cosalt either in relation to its assets or its earnings.

## TILLING RIGHTS

The document relating to rights issue by Thomas Tillis raises £32m. on the basis of four-for at 80p per share at that on March 31 the company and its subsidiaries had outstanding debt of £10.45m.

## Park Lane upsurge to £343,000

For 1976 turnover of Park Lane Hotel advanced to £2.15m. and taxable profit surged ahead from £141,162 to £342,815.

The dividend is £2 (22.73) per cent., restoring it to about its 1972 level.

This time there was a £234,076 (£6,019) surplus on investments realised with the sale of the holding in Ritz Hotel (London) and Ritz Hotel Development Co.

## Peak £3.4m. by Mappin & Webb

Retail jewellers and a Smith's, Mappin and Webb, subsidiary of Sears Holdings, created its pre-tax profit of £3.4m. to a record £3.4m. for year ended January 31, 1977.

At half-way the figures were £2.8m. (£2.8m.), compared with £2.8m. (£2.8m.).

For the year turnover advanced to £10.94m. to £21.19m. The company has £1.7m. against £0.9m. in 1976. Prospects for the rest of the year are encouraging, they say.

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TOTAL ASSETS EXCEED £1,200,000,000

### comment

The cyclical performance of paper companies is notorious but the recovery of Associated Paper is dramatic by any standard. The reason is that the benefits of reorganisation have come on top of the normal cyclical movement. Over £2m. capital expenditure has been made in the last two years, one papermaking factory has been closed and another subjected to an efficiency drive. Ironically, most of this effort has been directed to making the company less cyclical, by concentrating on service and specialties, although difficult. In any case, Plantations, London Asiatic API should exceed first half profits in the second half making a prospective p e of below 4.1p, while the yield is 11 per cent.

## Harcros Inv. tops £0.52m.

SECOND HALF pre-tax profit of Harcros Investment Trust of £219,911, against £206,192—similar results were in prospect—lifted the year-end (to March 31, 1977) surplus from £451,787 to £526,111. It is pointed out that no dividend has been received from the subsidiary whose unconsolidated profits were £5,062 (£1,261). The figures also do not include any part of the special dividends payable on June 1, 1977 in the terms of the merger of Golden Hope Plantations, London Asiatic Rubber and Produce Company and Pataling Rubber Estates into Harrison's Malaysian Estates. The final issue of 125,291 Ordinary shares has been issued to the

## Argyle Group creates new debenture

As part of the continuing process of rationalisation and reorganisation of the property interests of Argyle Securities and its subsidiary a scheme is proposed to holders of the listed first mortgage debenture stocks of Argyle, Alliance Property and Copthall Holdings.

The proposal has been reached after consultation with representatives of certain major stockholders.

The scheme involves the creation of a new Alliance Property 7½ per cent. mortgage debenture stock 1986-91 which will be offered to existing debenture holders as follows: £112 new stock for each £100 Argyle 6½ per cent. first mortgage debenture 1986-91; £110 new stock for each £100 Copthall 6½ per cent. first mortgage debenture 1986-91; £94 new stock for each £100 Alliance 6½ per cent. first mortgage debenture 1986-91; £100 new stock for each £100 Alliance 7½ per cent. first mortgage debenture 1986-91.

It will be conditional on passing of extraordinary resolutions at stockholders' meetings and exchange control consent.

## CLARKE CHAPMAN

Because it is not possible at this stage to reflect the financial impact, if any, of any restructuring of the power plant manufacturing industry, the directors of Clarke Chapman consider it appropriate for the accounts to be prepared in accordance with the company's normal accounting policies on the basis of an ongoing business. In yesterday's report on the chairman's statement this was not made clear.

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(Incorporated in the Republic of South Africa)

## DECLARATION OF DIVIDEND NO. 32

NOTICE IS HEREBY GIVEN that a final dividend of 7½ (3½ cents per share) has been declared in respect of the financial year ended December 31, 1976, payable to shareholders registered in the books of the Bank at the close of business on June 3, 1977.

The transfer books and register of members will be closed from June 4, 1977 to June 10, 1977, both days inclusive.

The dividend is declared payable in the currency of the Republic of South Africa.

Registered Office:  
31st Floor, Trust Bank Centre, Heerengracht, CAPE TOWN.  
May 16, 1977

By order of the Board,  
A G J Koegelenberg  
Group Secretary

# AUSTIN REED

Austin Reed Group Limited

## Mr. Barry Reed reports for the year to 31 Jan 1977

	1976/7	1975/6	
• Record year for sales			
• Pre-tax profit nearly doubled			
• Maximum permissible dividend increase			
• Proposed increase in capital investment			
• Further progress expected this year			
Turnover	£m 31.3	£m 26.0	% increase 20.3
Pre-tax profit	2.0	1.1	76.1
Earnings per share (p)	9.2	6.5	41.5
Dividend (%)	15.75	14.32	10.0

The principal activities of the Company are the retailing and manufacture of high quality menswear in the UK and Overseas.

Copies of the annual report can be obtained from the Secretary, Austin Reed Group Limited, P.O. Box 2, Thirsk, North Yorkshire YO7 1PF.

1977/00 1560



# French Kier returns to profit with £3.08m.

French Kier Holdings has returned to profit with a 1976 net figure of £3.08m, against a loss of £1.5m in 1975. The company's 1976 results show a healthy state of affairs, with a 10 per cent increase in turnover and a 25 per cent increase in profit.

Mr. Mott, chairman, reports that 1977 results should show improvement. He says that the underlying performance in the 1976 results is reflected in the 1977 results, which include an increase in profitable trading, a satisfactory level in the up's construction activities, and a healthy state of affairs.

The group's 1976 turnover rose from £11.1m in 1975 to £12.2m in 1976. The increase was due to a rise in the volume of work in the U.K. and a rise in the volume of work in the U.K. and a rise in the volume of work in the U.K.

The group's 1976 profit rose from £1.5m in 1975 to £3.08m in 1976. The increase was due to a rise in the volume of work in the U.K. and a rise in the volume of work in the U.K.

The group's 1976 profit rose from £1.5m in 1975 to £3.08m in 1976. The increase was due to a rise in the volume of work in the U.K. and a rise in the volume of work in the U.K.

# Laporte in good shape - starts year well

WHILE THE current year has started well for Laporte Industries (Holdings) Mr. R. Ringwald, chairman, says that it is too early to judge how 1977 will finally turn out. He believes, however, that the group is in good shape to tackle the problems and grasp the opportunities.

In the 33 weeks ended January 2, 1977 group pre-tax profits expanded from £4.28m to a record £13.55m. Much of the profit generated has arisen from the group's interests outside the U.K. either by direct exports or by manufacturing outside the U.K., so the results achieved hide the reality of a stagnant home market.

On a CCA basis the profit would have been reduced by £3.5m. In the U.K. the volume of sales increased by only 8 per cent, while the volume of exports rose from the U.K. expanded by 33 per cent and prices achieved were higher by 23 per cent.

In Australia a big increase in the volume of overseas business led to an increase of 33 per cent in sales by volume. Virtually all the improvement took place in the second half when commissioning problems encountered earlier had been overcome.

During the year the group authorised relatively heavy capital expenditure both in this country and abroad. A new peracarbonate plant and a peracarbonate extension in Warrington, and the expansion of the chloride titanium dioxide plant at Stallingborough are examples, says the chairman.

Significant new investments have occurred or are in progress, on every one of the U.K. sites. These include various projects in research and development to generate future technology have been made and are continuing to be made. These include various projects in research and development to generate future technology have been made and are continuing to be made.

### BOARD MEETINGS

The following companies have notified dates of board meetings in the Stock Exchange. These meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

**TO-DAY**

Interim—Thomas Borthwick, Stockholders Investment Trust.

Final—Ayrshire Metal Products, Blockley, Bulmer and Lamb, Coppex, Fidelity Radio, John Pender, Fitzmaurice, Hartwell, C. E. Heath, Field Bros, Investment Trust Corporation, McNeill Group, Philip Partridge, J. N. Richards (Vimont), Walter Ruschman, Seymour Marshall and Campion, Time Products, Whitbread.

**FUTURE DATES**

Associated Engineering May 28  
Brown (Manchester) May 28  
Eaton and Robson May 28  
Management Agency and Music May 30  
Thames Investment Trust May 24

Final—

Carlisle Capital and Leonard Jan. 1  
Energy Services and Electronics May 23  
Eaton and Robson May 28  
Exchange Telegraph May 28  
Firth (W. G.) May 28  
Lawrence (W.M.) May 28  
London Prudential Investor Trust May 18  
North Investment Trust May 24  
Ranger International May 24  
Sommer (France) May 24  
UDS May 28  
United Engineering Industries May 28  
Wheatbaker Distribution and Trading May 28

# Cakebread Robey slips to £0.4m.

BUILDERS' and timber merchants Cakebread Robey and Co., reveals a reduction in profits from £268,548 to £205,764 in the second half of 1976 to leave the full year's pre-tax total £27,111 off at £405,938.

Earnings per 10p share amounted to 3.1p against 3.9p. The dividend total is increased from 1.35p to 1.5p net, with a final of 1.2p.

The year's turnover amounted to £11.35m against £8.17m. Net profit emerged at £187,515 against £194,821 after tax of £216,443 (£238,145) but before extraordinary debits of £32,988 (£39,726).

W. Goodkind cuts loss

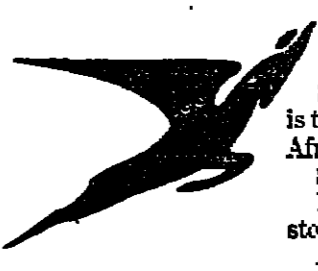
Reporting a further, although reduced, loss for 1976, the directors of W. Goodkind and Sons, makers and distributors of furs, etc., state that for 1977 there has been a slight improvement in orders on hand and inquiries.

The year's loss amounts to £35,100 compared with £67,738, including a deficit of £38,588 (£48,399) by the property subsidiaries. Tax amounts to £2,983 (£3,839).

The directors say it is too early to forecast whether the company will return to profitability in 1977. By the year end they hope to have disposed of all the properties in the property division.

There is again no dividend—the last payment was for 1973 of 0.469p net paid from a net taxed profit of £16,617.

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For full details contact your IATA travel agent or South African Airways 251/9 Regent Street, London W1R 7AD. Phone 01-734 9841. Waterloo Street, Birmingham, 021-643 9605. Hope Street, Glasgow, 041-221 2932. Peter Street, Manchester, 061-834 4436.

# Further growth for Austin Reed

ALTHOUGH THE menswear trade in general is still not very buoyant Mr. Barry Reed, chairman Austin Reed Group, says that he believes that the group should continue to do better in 1977.

In the year-ended January 31, 1977, group pre-tax profits increased from £1.1m to £1.9m, turnover of £21.3m against £19.5m.

As a result of the group's improving performance and financial position, the directors have authorised an increase in capital expenditure for the next two years. A large part of this expenditure will be used to make the Regent Street premises more attractive for the area and the directors are confident that the work can take place without disruption to trade.

The year-end accounts for the year-ended January 31, 1977, showed an increase from £1.1m to £1.9m, turnover of £21.3m against £19.5m.

Meeting, 16, Sackville Street, W. June 9 at noon.

# Phoenix moves into offshore market

The Phoenix Assurance Company is entering the offshore investment market by establishing in Guernsey a wholly owned subsidiary Phoenix International Life Assurance Company. The aim is to cater for the needs of three broad-based categories of overseas investors: the British expatriate, the expatriate of other countries and the overseas national who can invest outside his own country.

The company will be offering three plans: a single premium bond for lump sum investment and two regular savings contracts—one for short-term and the other for medium-term investment.

Investment on unit trust principles will be in U.S. dollar securities through the Inter-Dollar Fund with the investment strategy being directed by the company and managed on a day-to-day basis by The Bank of New York.

The fund will invest in common stocks, treasury and Government bonds, or other fixed interest securities and in the Eurobond market, with the aim of achieving a steady growth in underlying assets. The current policy is to invest substantially in U.S. common stocks with good earnings and dividend records.

The plans incorporate a high degree of flexibility. There are options for investors to continue the plans beyond the original term and to increase investment without evidence of health. Regular withdrawals can be made and the investor can encash part or the whole of his holdings. The death cover with each plan, but the life assurance element can be omitted if so desired.

# EUCALYPTUS PULP

The directors of Eucalyptus Pulp Mills announce that the dividend due to the company from the operating subsidiary in Portugal in respect of 1976, has now arrived.

A further announcement as to payment of the company's own dividend for 1976 will be made as soon as certain formalities have been completed.

# MONEY MARKET

## Interest rates easier

Bank of England Minimum Lending Rate of 8 per cent. (since May 12, 1977).

Short-term fixed period interest rates tended to decline in the London money market yesterday, discount houses buying rates for one-month Treasury bills eased 7 1/4 per cent, from 7 1/2 per cent, to 7 1/4 per cent, while the yield on three-month Treasury certificates was 7 1/2 per cent, compared with 7 1/4 per cent on Friday.

Day-to-day credit was in short supply, particularly towards the end of the month, but the assistance given by the authorities was considered to be in excess of the market's requirements. Banks carried forward surplus balances from Friday, and Government disbursements were in excess of revenue payments to the Exchequer. On the other hand, there was a net market take-up of Treasury bills from Friday.

Settlement was made of official sales of gilt-edged stock, there was a slight rise in the note circulation, and another adverse factor was the monthly adjustment of special deposits.

The total help given by the Bank of England was moderate.

4th 18 1977	Overnight Certificates of deposits	Interbank	Local Authority deposits	Local Authority bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills	Eligible Bank Bills	Prime Trade Bills
night	—	8 1/4-8 1/2	7	—	7 1/2	7 1/2	6 1/2-10	—	—	—
1st notice	—	—	—	—	—	—	—	—	—	—
1st or 2nd notice	—	—	—	—	—	—	—	—	—	—
1 month	7 1/4-7 1/2	7 1/4-7 1/2	7 1/4-7 1/2	8 1/4-8 1/2	7 1/4-7 1/2	7 1/4-8	6 1/4-7	7 1/4-7 1/2	7 1/4-7 1/2	8 1/4-8 1/2
3 months	7 1/2-7 1/4	7 1/2-7 1/4	7 1/2-7 1/4	8 1/2-8 1/4	7 1/2-7 1/4	7 1/2-8	7 1/2-8	7 1/2-7 1/2	7 1/2-7 1/2	8 1/2-8 1/4
6 months	7 1/2-7 1/4	7 1/2-7 1/4	7 1/2-7 1/4	8 1/2-8 1/4	7 1/2-7 1/4	7 1/2-8	7 1/2-8	7 1/2-7 1/2	7 1/2-7 1/2	8 1/2-8 1/4
1 year	8 1/4-8 1/2	8 1/4-8 1/2	8 1/4-8 1/2	9 1/4-9 1/2	8 1/4-8 1/2	8 1/4-9	—	—	—	—
2 years	—	—	—	10 1/4-10 1/2	—	—	—	—	—	—

# Change of Address

McLeod, Young, Weir International Limited (wholly owned subsidiary of McLeod, Young, Weir & Company Ltd.) are now at 10 Aldermanbury Square London EC2V 7BA Telephone: 01-606 9421 Telex: 889283/4/5/6

# How much of Tarmac isn't tarmac?

## 82%

Our name is part of the English language, it means everything from roads to runways. So it may come as a surprise to learn that making and laying road surfacing materials in the UK represents just 18% of sales. 82% is in other construction activities. And this is where our developing strengths lie.

In the 700 or so building and civil engineering projects we work on every day at home and overseas.

In the manufacture and laying of waterproofing materials for the construction industry, where we're the biggest in Europe.

As the third largest private house builder in the UK.

When you see our name, look beyond the surface. You'll find that we're probably the most soundly based international construction company in Western Europe.

# # Tarmac

## Big in construction. Rich in resources.



30 The List of Applications will open at 10 a.m. on Thursday, 19th May, 1977, and close at 5 p.m. on the same day.



BOROUGH OF SUNDERLAND

ISSUE OF

£15,000,000

12 1/2 per cent Redeemable Stock 1984

PRICE OF ISSUE £99 1/2 PER CENT.

Payable as follows:-

Table with 2 columns: Date and Percentage. On Application... £10 per cent. On 26th July, 1977... £40 per cent. On 28th September, 1977... £49 1/2 per cent.

INTEREST (LESS INCOME TAX) WILL BE PAYABLE HALF-YEARLY ON 15th JUNE AND 15th DECEMBER.

A FIRST INTEREST PAYMENT OF £3,225 (LESS INCOME TAX) PER £100 STOCK WILL BE MADE ON 15th DECEMBER, 1977.

PROVISIONS FOR REPAYMENT OF LOANS.-The Council is required by Acts of Parliament and by the Loans Fund (Borough of Sunderland) Scheme 1976 to make appropriate provision for the redemption of loans raised for capital expenditure and to make such provision in connection therewith as may be required by the Secretary of State for the Environment.

PURPOSE OF THE ISSUE.-The present issue of Stock will be applied to replace monies temporarily borrowed to meet authorised capital expenditure, to replace maturing debt and to finance further capital expenditure and to defray the costs, charges and expenses of the issue of the Stock.

REDEMPTION OF STOCK.-The Stock will be redeemed at par on 15th December, 1984, unless previously cancelled by purchase in the open market or by agreement with the holders.

REGISTRATION.-The Stock which fully paid will be registered and transferable free of charge in amounts and multiples of one penny by instrument in writing in accordance with the Stock Transfer Act 1982. The Register of the Stock will be kept at Co-operative Bank Limited, P.O. Box 1AN, Blundell Street, Newcastle upon Tyne NE1 1AN.

INTEREST.-Interest (less income tax) will be paid half-yearly on 15th June and 15th December by warrant which will be sent by post at the Stockholder's expense. In the case of a joint account, the warrant will be forwarded to the person first named in the account unless instructions to the contrary are given in writing. The first payment of interest will be made on 15th December, 1977, by warrant in the usual way.

APPLICATIONS AND GENERAL ARRANGEMENTS.-Applications on the prescribed form, accompanied by a cheque for 25p, of the nominal amount applied for, will be received at National Westminster Bank Limited, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD.

Applications must be for a minimum of £100 Stock or in multiples of £100 for applications up to £1,000 Stock and in multiples of £1,000 for applications above £1,000 Stock and up to £5,000 Stock in multiples of £500. Applications above £5,000 Stock in multiples of £5,000.

A separate cheque must be sent to the Bank in the United Kingdom must accompany each application form. No application will be considered unless this condition is fulfilled.

In the event of a partial allotment, the surplus from the amount paid as deposit will be returned to the applicant by cheque. If no allotment is made, the deposit will be returned in full.

Payment of interest must be made on or at any time after 25th July, 1977, and discount at the rate of 15 per cent per annum will be allowed from that date, or from any subsequent date of full payment.

Default in any instalment by its due date will render all previous payments liable to forfeiture and the allotment to cancellation.

Each applicant to whom an allotment of Stock is made will be sent a non-removable Letter of Allotment, which must be produced when instalment payments are made. Letters of Allotment, which may be sent up to 3 p.m. on 26th October, 1977, will contain details of the instalments which will be payable on 26th October, 1977. On payment of the instalment due on 26th July, 1977, the Letter will be appropriately marked and returned to the sender. When payment in full is made, the Letter of Allotment will be appropriately marked and returned to the sender, unless the registration application form has been completed, in which case pages 1 and 2 only of the Letter will be returned to the sender.

Partly paid Letters of Allotment will be split down to multiples of one penny of Stock. No Letter of Allotment will be split unless all instalments due have been paid. Thereafter for splitting Letters of Allotment.

The Stock Certificate will be despatched by ordinary post at the risk of the Stockholder, without further request on 25th November, 1977, to the first named registered holder at the registered address. If between 25th October, 1977, and 15th November, 1977, the Allotment Letter is lodged at Co-operative Bank Limited, P.O. Box 1AN, Blundell Street, Newcastle upon Tyne NE1 1AN with the lodging agent named in the space provided at the foot of page 2, the Stock Certificate will be despatched to the lodging agent on 25th November, 1977, at the risk of the Stockholder.

A commission of 1 1/2 per cent on the issue price of the Stock will be allowed to recognised bankers and stockbrokers on allotments made in respect of applications bearing their stamp; the commission will not however be paid in respect of an allotment which arises out of an underwriting commitment.

STATISTICS.-Relating to the Borough of Sunderland:- Population June 1976 (Registrar's Estimate) 235,750. Rateable Value 1st April, 1977 £25,399,472. Product of a rate of 1p in the £-1977-78 (estimated) in accordance with the Rate Product Rules 1974 and the Rate Product (Amendment) Rules 1977 2472,630.

Net Loan Debt-31st March, 1977 (Estimated): Housing 184,323,000. Other Council Services 64,824,000. £252,147,000.

Transferred Services (Tyne & Wear County Council, Northumbrian Water Authority, Sunderland Area Health Authority and Northern Regional Health Authority) 49,138,000. £301,285,000.

Revenue of the Council 1977-78 (estimated): Government grants 22,882,213. Rates 22,813,347. Other income 14,734,489. Transfer from retained balances 1,522,338. £62,952,387.

Preparations and application forms may be obtained from:- NATIONAL WESTMINSTER BANK LIMITED, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD.

CO-OPERATIVE BANK LIMITED, branches in Durham, Newcastle upon Tyne and Sunderland.

J. & S. SCHEWMEER LIMITED, The Stock Exchange, London EC3V 3JF. THE BOROUGH TREASURER, Town Hall and Civic Centre, Sunderland SR1 2DN.

THE OFFICES OF THE STOCK EXCHANGE: LONDON AND GLASGOW. By Order of the Council, L. A. BLOOM, Chief Executive Officer, F. H. COULTHARD, Borough Treasurer, 15th May, 1977.

Town Hall and Civic Centre, Sunderland.

The List of Applications will open at 10 a.m. on Thursday, 19th May, 1977, and will close at 5 p.m. on the same day.

Application Form for

BOROUGH OF SUNDERLAND

12 1/2 per cent Redeemable Stock 1984

Issue of £15,000,000 Stock at £99 1/2 per cent.

To NATIONAL WESTMINSTER BANK LIMITED, NEW ISSUES DEPARTMENT, P.O. BOX 79, DRAPERS GARDENS, 12 THROGMORTON AVENUE, LONDON EC2P 2BD.

I hereby apply for £1500

(in pounds) of Borough of Sunderland 12 1/2 per cent Redeemable Stock 1984, according to the conditions contained in the Prospectus dated 15th May 1977, and undertake to deposit the sum of £1500 as an amount that may be allotted to me and to pay for the same in conformity with the terms of the Prospectus. I request that any Letter of Allotment in respect of Stock allotted to me be sent to me by post at my risk to the first written address and that such Stock be registered in my own name(s).

If I enclose the required deposit of £250, I agree to pay the balance of £1,250 on the nominal amount applied for, and warrant that the cheque attached hereto will be honoured on first presentation and agree that any allotment of Stock is made strictly on this understanding.

I declare that I am not one of us in residence outside the Scheduled Territories within the meaning of the Exchange Control Act 1947, and that I will not be acquiring the Stock on behalf of or as nominee(s) of any person(s) resident outside those Territories.

1977 SIGNATURE

First Name(s) in full

Surname and Description (Mr., Mrs., Miss or Title)

Address in full (including postal code)

PLEASE USE BLOCK LETTERS (The spaces below are for use in the case of joint applications)

Signature

First Name(s) in full

Surname and Description (Mr., Mrs., Miss or Title)

Address in full

PLEASE USE BLOCK LETTERS

Signature

First Name(s) in full

Surname and Description (Mr., Mrs., Miss or Title)

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Address in full

MINING NEWS

Texasgulf's find must take a Chance

By PAUL CHEESRIGHT

INVESTMENT EXCITEMENT in Canada about the latest Texasgulf base metals discovery near the Kidd Creek mine in Timmins, Ontario, has been capped by the ironic news that the find was not on Texasgulf land at all.

But the interest attached to the discovery and the accompanying price rises in the shares of companies with prospects adjacent to the underlying Canadian mining scene, despite concern about sluggish markets, indicates a strong belief in the underlying value of the Canadian mining industry. At the same time the latest batch of quarterly results gives a strengthening base to this vitality.

Texasgulf's discovery, first reported earlier this month, is in fact on the land of Chance Mining and Exploration, a subsidiary of Conwest Exploration. At a depth of 273 feet, a drillhole intersected a 15.2 foot zone assaying 14.1 per cent zinc, 1.96 per cent copper and 4.64 ounces per ton of silver.

Texasgulf in fact has an option agreement with Chance, but the drilling was completed prior to the signing of the option. The tarty realisation of the drillhole's exact location has been a renegotiation of the agreement. The agreement is now weighted more favourably to Chance, as it provides for a profit of \$2.5m, the remainder being used as a general provision against Texasgulf's request last week after a possible loss on investments.

By the same token, the sale of the mine to a three-year peak of \$4.25. Chance shares, trading on the unlisted market, were recently bid up to \$1.53 from 80 cents. Texasgulf's arrangement with Chance covers terms for exploration and development. Our Toronto correspondent reports that Texasgulf will pay Chance to maintain its option rights, expected mill grade, although diamond drilling, spend \$2.3m on matters were helped by better exploration work or deliver a Chance a feasibility study, and in the pay all the costs of the property is brought to production. Latest period amounted to 23,983 tons compared with 24,311 tons share of the operating profit a year ago. Owing to a three of any commercial production, this includes any profits realised from the property immediately to the south of the Chance property. Should there be no commercial production in five and a half years, Texasgulf will still make Chance advance profits payments.

Manville's attitude to last week's news of Falconbridge's nickel operations has appeared in the form of encouraging figures again in the first quarter of the year. Figures from one of the joint venture partners, Freeport Minerals of the U.S., show that nickel output was only at 75 per cent of capacity compared with 86 per cent reached last year.

Freeport's partner at Greenvale Exploration, Metals in the latest quarterly report, states that in the March quarter Greenvale produced 8.7m

lbs. of nickel in nickel oxide and 894,000 lbs. of nickel and 348,000 lbs. cobalt in mixed sulphides, the output of the last two products being about 45 per cent of capacity. Cobalt production last year reached 57 per cent of capacity.

The result contributed to a net loss for Freeport from Greenvale of \$4.6m (£2.6m) in the three months to March compared with \$4.67m in the same period of last year. The figures underline the reasons why the Greenvale joint venturers were forced to seek a second restructuring of their debt, put at \$4310m (£199m) at the end of March.

The figures suggest that the project has not been gaining the benefits hoped from last year's devaluation of the Australian dollar and the increase in nickel prices and that the pressure of local costs, especially for oil, remains intense.

TONGKAH LIFTS ITS INTERIM The Malaysian-registered Tongkah Harbour Tin Dredging is boosting its interim for the current year to June 30 from 5 per cent to 12 1/2 per cent on the \$M1 shares, or about 2.9p. The company points out that the latest dividend is equivalent to 19.231 per cent on the basis of the total dividend declared for 1975-76 was 16.923 per cent gross.

Apart from having enjoyed much higher tin prices, Tongkah Harbour's tin concentrate production for the past 10 months of the current financial year amounts to 467 tonnes compared with 308 tonnes at this time last year. It must be recalled, however, that production was halted by a strike in the first three months of 1976 with the result that the total for 1975-76 reached only 404 tonnes. Tongkah were 65p yesterday.

AZCON NOW LESS BUOYANT Pre-tax losses of \$1.3m at the Rich Steel division and unsatisfactory results the steel mini-mill in Tennessee are reflected in reduced third-quarter earnings of the Gold Fields group's Azcon U.S. offshoot. Net income for the past quarter amounts to \$1.53m (£0.89m), equal to 21 cents (12.2p) per share, compared with \$1.67m, a year ago. Earnings for the past three months of the current financial year are still keeping ahead, however, totalling \$6.37m (£3.71m), against \$5.74m in the same period of 1975-76.

MINING BRIEFS WHEAL JAMES-April output of the coal mine in concentration 52,000 tons (March 50,000 tons). The mill operated for 27 days during April.

OUTPUT FALLS AT GREENVALE Production at the technically plagued Greenvale lateritic nickel mine in Queensland, slipped again in the first quarter of the year. Figures from one of the joint venture partners, Freeport Minerals of the U.S., show that nickel output was only at 75 per cent of capacity compared with 86 per cent reached last year.

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Confidence at Steel Bros.

CONFIDENCE IN the future of Steel Brothers Holdings is expressed by Mr. J. H. Gaunt, chairman, in his annual statement.

He states that there are still setbacks in certain areas but for the first time since the start of the year, the company has been charged in the year. The directors estimate that these provisions are adequate to reduce such land and work in progress to its net realisable value.

In the Lebanon the costs of maintaining the organisation were easily absorbed by earnings elsewhere in the Spinney Group and he is hopeful, unless circumstances completely break down again, that before long the company will return to profitability.

The insurance claim for looting and other damage was held over by the refusal of the company's insurers to admit liability and Mr. Gaunt says he has no further progress to report.

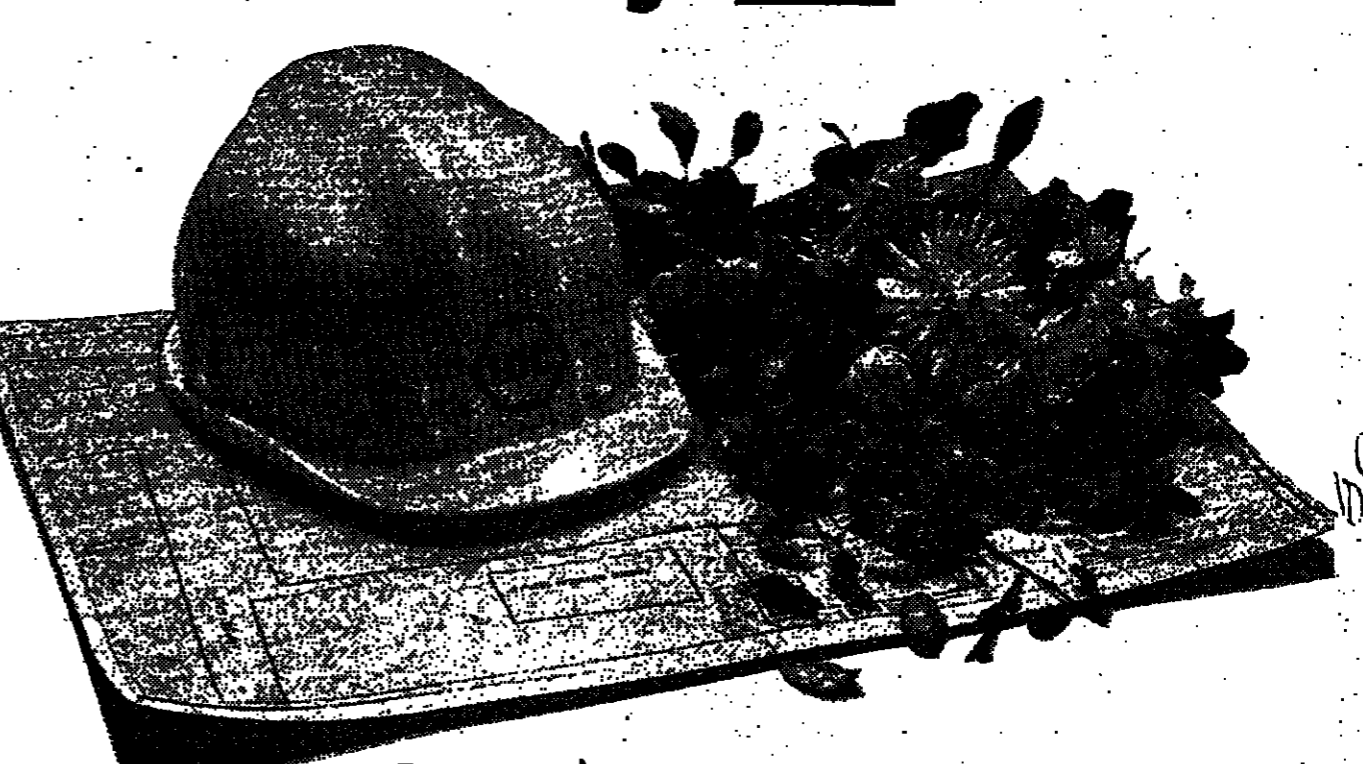
As reported in April 29, pre-tax profit for 1976 rose from £2.7m to a record £4.86m, split as to Asia £0.1m (£50,000), Australia £0.43m (£0.22m loss), Canada £1.73m (£1.24m), East Africa £0.51m (£0.48m), Africa East including Spinney's SE Asia operations £3.19m (£1.59m), the EEC £0.35m (£0.21m), and head office expenses £0.54m (£0.57m).

A one-for-three rights issue to raise £2.93m is proposed. In their report the auditors say that the consolidated accounts include net assets of subsidiaries in certain African countries and the Lebanon, where very difficult trading conditions still prevail. The values attributed to such assets, namely £1,288,000 (£270,000) (comprising assets of £1,415,000 and liabilities of £1,043,000) respectively, must necessarily be dependent on a satisfactory improvement in such trading conditions.

78 companies wound up

Orders for the compulsory winding up of 78 companies have been made by Mr. Justice Brightman in the High Court. They were: Twincastle, Cambridge Live-stock Equipment Manufacturers, Print Control, The Old Delabole Dohm Holdings, Terence A. Siate Company, Torralta, Martin Johnsey, Temple Row Finance, Homes (Plymouth), Green Line Poland Construction, Maldon Haulage (Colchester), Strode Collargated Containers, Looner Publications, A. D. Mooney Engineering, D. Spence (Haver-Berrylands Engineering, Goy-ing), Wrexham Builders, Tem-manda, Solent Commercial (Haulage), S and M Hotels, Compass Realty Ruthcare, Working Ceramics, (Devon and Cornwall), Smedley-Kalville Properties, Henngrove, Kervale, The Gleason McArde-munvale Builders, Alan J. Displays, Davjax Productions, Dean Import and Export, Delmain Builders, Palgrave, Webulid, Royal Hotel and Motel, Staff-bridge, The Tivoli Group, Wind Express, Brightway Warwickshire and Worcester-shire Kettle Companies, Islington Asphalt Company, Warme Import-ing Company, West and Butler, R. H. Chester (Poole), Tiger New Court Building Company, Films, Maxwell Sportswear, Salop Aquatics Manufacturing, Centrago, Langhouse Com-Steel Structural (Staffs), pany, Rede Builders, Matknoll, Synchroflex, Talbot City Pro-Shares and Weeks, Salesrad, perties, Malling Rehabilitation Adamex (South-London), Son-Systems, TKV Engineering, tools, McGovern and Hall, Panel Reyson, Stenvall Building Con-Finishers, and Najlman.

We design and build



to give you the right environment

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**BANKS DEBATE/Broadsheet No.1**

# DO YOU CARE WHAT BANKS DO WITH YOUR MONEY?

Did you know that there's a proposal to nationalise the four main clearing banks—Barclays, Lloyds, Midland and National Westminster?

That's what the Labour Party's National Executive Committee (NEC) recommended last August in a pamphlet called "Banking and Finance".

The Government and the Prime Minister are against bank nationalisation.

*The third proposal, to nationalise the banks and the insurance companies, is the one that the Government cannot accept.*

Mr James Callaghan, Blackpool, 24 Sept. 1976

Even so, the proposal was passed at the 1976 Labour Party Conference.

## LENDING TO INDUSTRY

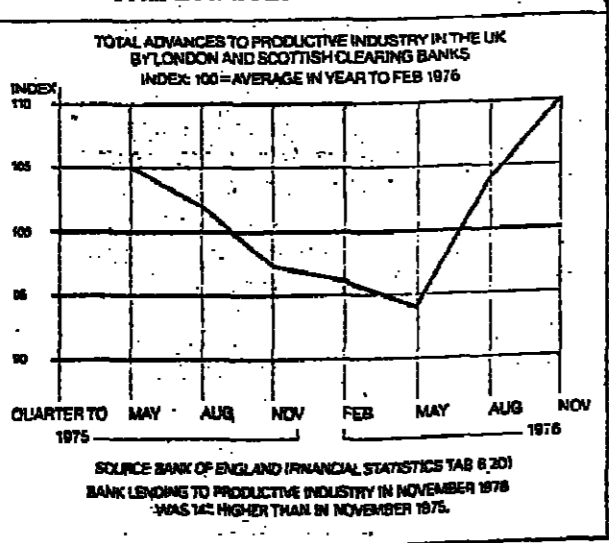
The whole question of nationalising British banks is a very important one because it affects everybody's money one way or another. We, the banks listed below, therefore believe that it is a matter for public discussion.

To open the discussion we would like to examine here just one issue raised by the NEC: how much banks should lend to industry. But we'd also like to know your opinions. So please let us hear your views, whether you are for or against bank nationalisation.

## CAN WE MAKE INDUSTRY BORROW?

The NEC—through publicly-owned banks—hopes to double the amount of money that banks lend to industry over the next ten years. They say that manufacturing industry has "grown anaemic" as a result of its poor investment record. And nationalised banks, they argue, could get this money flowing.

### THE BANK LENDING INDEX



But could they? By the end of last year, the London and Scottish-clearing banks had loans out to manufacturing and productive industries of over £6,500 million.

But this is not the whole story. Manufacturers have actually taken less than half the money they know to be available.

## WHY WON'T INDUSTRY INVEST?

Most industries say that the trouble is not lack of funds at all. The CBI, which runs a regular survey of manufacturers, reported in April 1977 that only 3 per cent said they were held back by shortage of external finance.

This was confirmed by the National Economic Development Office. Despite some criticism of financing arrangements, its report in 1975 concluded:

*In general, companies did not see themselves as having been constrained in their investment by lack of cost of finance.*

The clue lies, we believe, in another NEDO finding: "... uncertainty about the future is likely to remain as a major constraint on investment."

We want to lend: it is a vital function of banking. And better returns on investment will encourage borrowing. But in the meantime, we can't force money on people.

## ARE WE TOO CAUTIOUS?

The money we're being asked to lend more generously actually belongs to our many millions of depositors. So we tend to

lend to creditworthy individuals and to well-managed companies.

But the NEC implies that we're too cautious. We think otherwise. Companies which borrow money from us must stand a good chance of making their investments pay. Otherwise they might not be able to repay the loan, let alone the interest. Then everybody loses.

### FACT

The pre-tax rate of return on capital employed in British industry—in real terms—fell from an average of 10.8 per cent in the 1960s to an average of 6.5 per cent in the first half of the 1970s.

Bank of England Quarterly, March 1976.

## WOULD NATIONALISATION HELP?

We suspect that the lending policies of a nationalised bank could be guided by

political rather than by financial considerations. Otherwise, why nationalise?

There could be a temptation to see the banks as a cheap source of finance to support weak industries.

Could a Government minister (rarely in the same office for more than two or three years) provide the vital consistency in lending policies that industry needs?



"WE HAVE WAYS OF MAKING YOU BORROW"

We are as anxious as anyone else to improve Britain's economy. But we believe that we can contribute to it more effectively as bankers than as State employees.

## PUBLIC DISCUSSION

This is our point of view. But what do you—whose money we lend—think about it?

Should banks take more risks? Should lending policies continue to be decided by professional bankers? Would nationalisation lead to better and quicker decisions about lending?

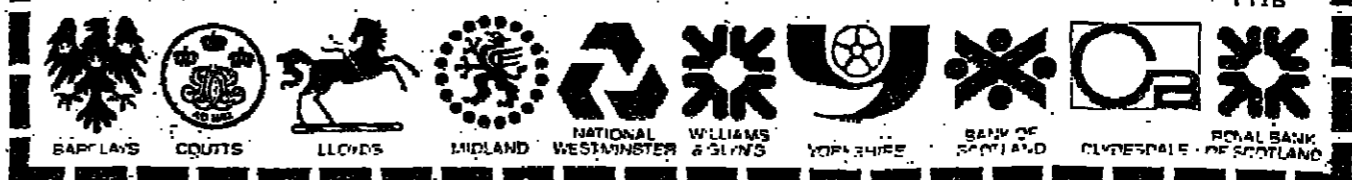
Please tell us your views. We may not be able to answer every coupon or letter received, but please write just the same. It will increase our understanding of public opinion on this important issue.

## NOW TELL US WHAT YOU THINK

You can write your comments on this coupon alone, or enclose it with a letter. Address your reply to THE BANKS, 10 Lombard Street, London EC3V 9AP. Or deliver it to any branch of any bank listed below, in an envelope marked "The Banks Debate."

Name \_\_\_\_\_ Address \_\_\_\_\_

# THE BANKS







**A.N.Z. GROUP HOLDINGS LIMITED**

(Incorporated in the State of Victoria, Australia with limited liability)

**HOLDING COMPANY FOR AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED**

**Half-Yearly Profit and Dividend**

The directors of A.N.Z. Group Holdings Limited announce an unaudited, consolidated profit after tax, excluding extraordinary items, for the half-year ended March 31, 1977 of SA21,816,000. This is an increase of SA 4,580,000 or 26.6 per cent. compared with the previous corresponding half-year.

After extraordinary items, the consolidated profit for the half-year was SA22,483,000 compared with SA18,311,000 for the 1976 half-year.

Details of the consolidated result for the half-year ended March 31, 1977 are set out below.

The directors have declared an interim dividend of 8c. a share for the year to September 30, 1977 (1976—4.7 pence net, equivalent to gross rate of 7.23%). It is payable on July 8, 1977 to shareholders registered in the books of the company at the close of business on June 13, 1977.

Dividends payable to shareholders on the London and Wellington registers will be converted to local currency at the appropriate rate for telegraphic transfers on June 13, 1977 and transfers must be lodged before 5 p.m. on that date to participate. The new issue shares will participate to the extent of one half of the interim dividend.

	Half-Year to 31/3/77 #A'000	Half-Year to 31/3/76 #A'000	Percentage Movement
Net banking profit after taxation and after eliminating inter-company transactions	10,810	8,230	+31.3
Net profit after taxation from non-banking sources	11,006	9,006	+22.2
Group profit before extraordinary items	21,816	17,236	+26.6
Extraordinary items (net)	667	1,075	-38.0
Surplus on sale of properties	—	—	—
Group profit after extraordinary items	22,483	18,311	+22.8
<b>Income</b>			
—Banking Companies (Banking Act basis)	198,861	171,207	+16.2
—Non-banking companies Taxation	89,073	65,276	+36.5
—Banking Companies (Income, land and other taxes)	71,630	9,896	+727.5
—Non-banking companies (Income tax)	9,383	8,075	+16.2
Depreciation including amortisation	7,028	5,709	+23.1

The above figures are unaudited and are based on exchange rates ruling at March 31 in each year. The 1976 half-year banking profit includes a net charge for deferred tax on Trading Bank global profits adjusted to a U.K. tax basis. This charge is not applicable to the 1977 half-year in view of the change in the Group's country of residence status.

60,087,278 ordinary shares were on issue at March 31, 1977 and a further 18,047,456 shares have issued since that date.

Notes: A.N.Z. Group Holdings Limited was incorporated in Victoria on April 15, 1976 and, under the Scheme of Arrangement dated June 11, 1976, Australia and New Zealand Banking Group Limited and its subsidiaries became wholly owned subsidiaries of A.N.Z. Group Holdings Limited. Comparative figures for 1976 cover the position when Australia and New Zealand Banking Group Limited was the parent company for the Group.

**SHARE DISCLOSURES**

Stock Conversion and Investment Trust: Joseph Levy, as trustee, since March 31 has disposed of beneficial interests amounting to 200,000 shares leaving 3,087,832, of which, 1,958,286 are beneficial. J. W. Wishart (as trustee) has disposed of 123,000 shares of beneficial interest. Relevant interest as at May 10 was 3,226,888 shares including 425,000 beneficial. Mr. R. Clark sold on May 10 for his beneficial interest 1,000 shares. Mr. J. W. Campbell sold on May 10 1,000 shares in a non-beneficial holding. Messrs. Levy, Wishart, Clark and Campbell are directors of the company.

Equity Trust: Disposed of 200,000 shares. Relevant interest as at May 10 was 7,975,000 shares (26.45 per cent.). Of the total stated 200,000 represent non-beneficial interests of Taylor Clark, F. Roberts (as trustee), A. V. C. Astley (as trustee), and J. W. Campbell (as trustee).

Walls Blake Beare: Mr. C. D. Pike holds 305,511 Ordinary (16.69 per cent.). Mr. B. Fuchs holds 488,750 (61.18 per cent.) both holdings as at April 19.

Investment Trust: Mr. E. M. Behrens and Mr. J. M. Trivedi in a joint account have sold 728,000 capital shares thereby reducing their interest to less than 10 per cent. in nominal value. Balance remaining after the sale amounts to 286,000 capital shares, approximately 6.9 per cent.

Overington Group: Mr. C. H. Wallis (director) has disposed of 8,250 Ordinary and 12,850 restricted voting shares, approximately 11,550 Ordinary and 14,000 restricted voting.

English and Caledonian Investment: Mr. C. Macpherson (director) has sold 24,000 shares of his non-beneficial holding. The shares were sold in assorted form, 2,000 on May 9 and 22,000 on May 10 leaving a non-beneficial holding of 6,000 shares.

Pera Concrete: Mr. R. Scheel purchased 2,500 shares, now holds 10,000 (0.71 per cent.).

Stroms Investment: Mr. Butler-Henderson has disposed of 25,000 shares in assorted form.

Merchants Trust: Standard Life Assurance purchased an additional 88,000 Ordinary stock units bringing total holding to 3,320,000 (6.7 per cent.).

Northern Foods: Mr. G. N. S. Horsley has transferred 57,000 Ordinary shares from a joint account in the name of G. N. S. Horsley and J. A. Horsley, to beneficiaries under a settlement.

John I. Jacobs: Mr. J. H. Jacobs and family interests now hold 1,550,000 Ordinary stock units (3.029 per cent.). Mrs. J. H. Jacobs having purchased 300,000 Ordinary stock units on May 12.

Bond Street Fabrics: Directors shareholdings as at May 11 were as follows—Mr. J. Thompson sold 176,888 (4.58 per cent.). Mr. C. T. Stewart 885 (0.02 per cent.). Mr. R. Parsons nil. Mr. J. Finlay nil. Mr. S. Liddell nil. M and G Extra Yield Fund holds

265,000 shares (8.78 per cent.). Winttrust: G. Szapiro and R. Szapiro have been acquired 12,500 Ordinary shares on May 11.

Progressive Securities Investment Trust: Mr. P. Rowntree, director, has disposed of 3,000 Ordinary shares from his beneficial interest.

Non-beneficial: Mr. E. Powell, director, and wife, holds 1,074,597 (39.48 per cent.) Ordinary shares. Mr. M. Powell, director, and family trust, holds 642,138 (23.35 per cent.). Mr. E. R. Morris, director, and wife and family trust, holds 48,623 (1.82 per cent.). Mr. J. S. W. Sheard, director, and wife and infant children holds 2,411 (0.008 per cent.) and Mr. P. P. Carberry, director and wife, holds 26,153 (0.06 per cent.).

Mr. E. R. Morris, director, and wife and family trust, holds 48,623 (1.82 per cent.). Mr. E. Powell has a non-beneficial interest in 9,499.

C. E. Heath: Mr. R. J. G. Shaw, director, has purchased 3,000 Ordinary shares in the name of his wife, Mrs. E. Heath.

Greenfriar Investment: With Investment has acquired an additional 10,000 shares bringing total holding to 1,381,544 (34.54 per cent.).

English and New York Trust: Standard Life Assurance has purchased an additional 25,000 Ordinary shares bringing holding to 1,876,250 (6.06 per cent.).

Grimsdale Holdings: Slater Walker Securities is interested in 8.13 per cent. Ordinary shares.

Brown Shipley Holdings: Mr. A. Mackinnon, director, has sold 18,000 shares in which he had a non-beneficial interest, thereby reducing non-beneficial interest to 32,000.

Charles Hill of Bristol: Lloyd's Register of Shipping Superannuation Fund Association beneficially holds 53,000 Ordinary shares (7.1 per cent.).

Centrovital Estates: Mr. B. Gold, director, has sold 20,000 Ordinary shares.

Wood Hall Trust: Mr. A. I. Annand, a director, has acquired 25,000 Ordinary shares.

Balough: Electra Investment Trust has acquired further 31,829 Ordinary shares, now holds 756,930 (12.12 per cent.).

T.P.T.: Mrs. Tydesley is interested in 850,000 (4.76 per cent.) shares.

Araza Group: Sir Julian Hodge has sold 12,441 Ordinary from his beneficial holding.

Marks and Spencer: Sir Marcus Joseph Sieff has disposed of 7,000 Ordinary shares.

Progressive Securities Investment Trust: Mr. P. Rowntree, director, has disposed of 3,000 Ordinary shares in which he had a beneficial interest.

Advantage International: Textile Pensioners Trust has disposed of 20,000 Ordinary reducing holding to 164,000 (6.67 per cent.).

C. H. Beazer (Holdings): Mr. C. H. G. Beazer has sold 7,000 shares. Mr. W. I. Lippitt has sold 3,000 and Mr. B. C. Beazer 10,000 shares. All are directors.

Dunlop Holdings: Eagle Star Group has purchased an additional 25,000 shares and now holds 1,185,000 (8.08 per cent.) 84 per cent. cum Preference shares.

East Lancashire Paper Group: Britanvic Assurance has sold part of its holding and is now interested in less than 5 per cent.

Davies and Newman Holdings: Byria Freres and Gie has disposed of holding of 4,500 Ordinary.

Westinghouse Brake and Signal: Mr. D. Pollock, managing director, has advised the company that 4,000 shares have been purchased in the name of his wife, Mrs. M. A. L. Pollock.

Jos Holding: Miss A. D. Fox holds 311,066 Ordinary (7.57 per cent.).

Wilkins and Mitchell: Mr. J. C. Wilkins has sold 60,000 Ordinary and is no longer a trustee in respect of 20,000 shares. His interest now is 272,422 shares held beneficially and 122,783 held as a trustee.

Charles Sharpe: Mr. R. Coy and Mr. E. H. Littlewood, both directors, have purchased 3,570 Ordinary shares in capacity as trustees of Charles Sharpe and Company Employee Trust, not acquiring themselves any beneficial interest therein.

Arthur Guinness: Mr. Henry Paul Guinness Channon has become interested as an executor of a deceased individual's estate in 144,808 Ordinary shares.

Fisons: Mr. R. Bounds, director, has sold 4,000 Ordinary and Mr. A. S. Woodhams, director, has paid up on 3,000 incentive scheme shares converting 374 into fully paid Ordinary which he retained, and selling 2,823.

**BIDS AND DEALS**

**Offer coming for AVP**

A cash take-over bid is on the way for AVP Industries, the hotels and furniture and refrigeration equipment manufacturers, whose shares were suspended yesterday at 93p, after a 5p rise, where the group is capitalised at £17.7m.

Mr. Harold Foster, chairman of AVP, said yesterday that he was confident that an announcement giving details of the bidder and price would be made to-day. He added that the prospective bidder was a U.K. company but not one in the hotels and entertainment industry.

AVP, which made pre-tax profits of £4.7m. in its last financial year and recently announced half-time profits of £2.34m. against £2.04m., earns the majority of its profits from manufacturing but also owns a number of hotels including the Metrople Hotels in London, Birmingham and Brighton.

**BORTHWICK IN NEW ZEALAND**

Thomas Borthwick and Sons, recently defeated in its £12.5m. bid for F&M in the U.K., has turned its attention to Gear Meat Company, a New Zealand meat processor.

Terms of the offer, which is subject to the approval of the appropriate New Zealand authorities, have not yet been revealed but Gear Meat is currently capitalised on the stock market at £1.77m.

Dr. Bill Bullen, chairman of Borthwick, said yesterday that while the group still placed a high priority on increasing U.K. earnings it was impossible to ignore changes in the meat wholesale trade overseas.

Borthwick recently formed a new company in New Zealand to merge three of its plants with that of the New Zealand Co-operative. About 40 per cent. of Borthwick's sales originate from New Zealand's meat and although its stake in the domestic market is small the company accounts for almost a fifth of New Zealand beef exports and a quarter of the lamb and mutton exports.

**WEDGWOOD/SPR**

Wedgwood's "Ordinary Offer" for SPR Investments is unconditional in all respects and will remain open. Wedgwood expects to post renounceable certificates and remittances in respect of cash entitlements in the case of the acceptances valid in all respects already received by May 12, on June 3, and, in the case of any other valid acceptance, 21 days after receipt.

All the directors and the secretary of SPR have resigned and Sir Arthur Bryan, Mr. Peter Williams and Mr. James Moffat, directors of Wedgwood, have been appointed in their stead. Mr. James Moffat has been appointed secretary of SPR.

**UTD. WIRE SELLS LOSS-MAKER**

United Wire Group has sold United Sintering to Rigby Metal Components of Cleckheaton. Exclusive of debtors and the build-

ing, the price is £181,000. United Sintering was established in 1970 originally to concentrate on specialist ranging filters. However, manufacturing was not successful and it was necessary to move to more standard, profitable, components.

Despite the addition of the equipment each year to bring its range of products up to date, the company has failed to achieve a profit, and the directors there was little prospect of coupling past losses and earn an adequate return on the investment and the decision was to sell.

Currently there are 28 players at United Sintering. Rigby Metal has indicated its willingness to offer positions to suit skilled employees prepared to transfer to Cleckheaton. United Wire has dismissed with redundancy 100 employees, including 70 at its Edinburgh factory.

**EMI SELLS OFF PRU STAKE**

EMI has sold its total hold of 5,887,838 Ordinary shares Prudential Assurance at average price of approximately 126 1/2p per share.

EMI acquired the stake in it took over Development Securities just over a month ago.

A spokesman for EMI said cash raised would be used to reduce the debt by £10m. but Gear Meat is currently capitalised on the stock market at £1.77m.

He said the group had present plans "to sell off a part of the assets of Development Securities which ten small trading companies have interest in, from forestry and plant hire running the Chichester Y Basin."

**SILENTBLOC/BTR**

Andre Silentbloc says a 50 per cent. increase offer will be posted on Wednesday. This contained the statement of intent to post renounceable certificates and remittances in respect of cash entitlements in the case of the acceptances valid in all respects already received by May 12, on June 3, and, in the case of any other valid acceptance, 21 days after receipt.

The offer remains open balance will be accepted compulsorily.

**ARMSTRONG EQUI**

Armstrong Equipment has changed contracts with M J Business Systems Incorporated purchase the Hedon Road, factory premises previously owned by Imperia Typecast together with land immediately at the rear of the factory, amounting to 18 acres.

**DRG**

**RHM**

**Have you got what their Pension Funds are looking for?**

Property investments—Commercial and Industrial are currently being sought for the pension funds of the above companies by our Investment Department. If you have property that you think would be of interest, send details to Edward Luker or Robert Clarke at Richard Ellis, 64 Cornhill, London EC3V 3PS. Tel: 01-283 3090

**Richard Ellis**  
Chartered Surveyors

**FRENCH KIER**

**FINANCIAL HIGHLIGHTS FOR YEAR ENDED 31st DECEMBER 1976**

- \* Group returned to overall profit at £3,076,000 (1975 Loss £1,895,000) after Land Bank write down of £1,105,000 (1975 £2,389,000).
- \* Dividend of 1p per Ordinary Share recommended (1975 nominal 0.0500p).
- \* Group borrowing reduced from peak of £35m. in early 1975 to present level of £9m.
- \* Increased profit contribution from all Group U.K. construction companies.
- \* Doubled turnover and increased profit contribution from overseas construction companies.

**OTHER MAJOR POINTS OF NOTE FROM CHAIRMAN'S STATEMENT TO BE CIRCULATED WITH REPORT AND ACCOUNTS ON 31st MAY, 1977**

- \* All loss-making motorway and trunk road contracts brought to physical completion.
- \* Marketing efforts ensured acceptable level of enquiries and reasonable market share of available orders.
- \* Rationalisation of Development Companies continued.
- \* Further expansion overseas anticipated—additional orders in existing territories achieved and entry into new areas underway.
- \* Underlying trends reflected in 1976 trading result continuing into 1977.
- \* Overall improvement in result anticipated for 1977.

**FRENCH KIER HOLDINGS LIMITED**  
Annual General Meeting—Friday, 24th June 1977

**VICTORY International Specialist Reinsurers**

**Consolidated Results for 1976**

	1976	1975
<b>Reinsurance Operations (Net)</b>	£	£
General Insurance Premium Income	21,456,000	14,536,000
Life Insurance Premium Income	19,782,000	16,988,000
New Life Sums Assured	469 million	360 million
<b>Profit and Loss Account</b>		
Investment Income	2,360,000	1,727,000
Revenue Account Transfers	(1,288,000)	(899,000)
General Business	200,000	—
Life Business	1,262,000	828,000
Expenses, Exchange & Taxation and Minorities in 1976	(192,000)	(176,000)
Profit after taxation	1,454,000	1,004,000
Proposed Dividend	243,000	—
	1,211,000*	1,004,000
*before increase in investment values		
<b>Shareholders Funds</b>		
Capital	4,850,000	4,850,000
Share-Premium Account	180,000	180,000
Retained Profits and Reserves	2,207,000	1,132,000
Net Assets	7,237,000	6,162,000

**Highlights from the Chairman's Statement**

- \*Increased operating profit.
- \*Total assets of the Group now exceed £100 million.
- \*The policy of developing and expanding the world-wide reinsurance services has continued.
- \*Total Life sums assured in force now exceed £1,500 million—30% increase in new business.
- \*Net premium growth of 47% in General Insurance operations.

Copies of the Report and Accounts for 1976, incorporating the Chairman's Statement, may be obtained from The Secretary, The Victory Insurance Company Limited, Victory House, Castle Hill Avenue, Folkestone, Kent CT20 2TF.







INTERNATIONAL FINANCIAL AND COMPANY NEWS

FRANCO-U.S. EXCAVATOR DEAL

Case to buy Poclair subsidiaries

BY DAVID CURRY

THE AMERICAN public works equipment manufacturer, Case, the world recession from 1974 onwards, were given in preparation for tomorrow's extraordinary general meeting which deal in which it will acquire 40 per cent of the French company.

PARIS, May 16 while various institutional investors and creditor banks will hold 12.1 per cent. This will leave 26 per cent in public hands. The Board is being remodelled to accommodate the Case interests. Four Case men will join the Board, while the Battaille family will be represented by M. Pierre Battaille, who remains president, and M. Claude Battaille, Renault and Volvo will nominate one director each, while two places remain to be filled.

Euroloans of \$150m. signed for Argentina

BY FRANCIS GILLES

THE FIRST two medium term loans to Argentina since the jumbo \$1.3bn. refinancing operation, which the IMF and the commercial banks arranged last year, have been settled. The first one was a \$100m. for the Banco Nacional de Desarrollo for five years at a spread of 1 1/2 per cent over Libor, signed yesterday in London. Lead manager is the London Multinational Bank.

New board aids SGI rescue operation

BY PAUL BETTS

A FURTHER stage in the controversial and long-drawn out salvage operation of Italy's largest construction and building enterprise, Societa Generale Immobiliare (SGI), was reached today following the appointment of a new SGI board.

AMERICAN NEWS

Upturn at Sears Roebuck

BY DONALD MACLEAN

SEARS ROEBUCK and Company net earnings in its first quarter, to April 30, were \$184.1m., or 54c. a share, against \$85.1m., or 52c. a share, in the first three months last year, while sales totalled \$3.61bn., against \$3.2bn.

should continue a gradual improvement in real terms in the year ahead, according to the Economic Letter published by Citibank. Reuter reports from New York.

Int. Systems report loss

INTERNATIONAL SYSTEMS and Controls the Houston-based engineering, manufacturing, trading and financial operations concern, reports a net loss of \$2.5m., or \$2.03 a share in its third quarter, to March 31, against a profit of \$0.8m., or 26c a share, in the same period last year.

Conrail loss

CONSOLIDATED RAIL CORPORATION lost \$207.6m. in the first quarter of 1977, on revenues of \$770.4m. Reuter reports from Philadelphia.

Imasco profits up

IMASCO, formerly Imperial Tobacco Company of Canada, earned \$35.2m., or \$3.61 a share in the year to March 31, against \$34.5m., or \$3.54 a share in the previous year, Robert Gibbons writes from Montreal. Volume was \$1.03bn., compared with \$841m.

Corporate profits 'unscathed'

U.S. CORPORATE profits emerged 'relatively unscathed' from the severe winter, and

BEA petroleum

BASIC RESOURCES International has announced the formation of a company, BEA petroleum, to be owned 21 per cent by Societe Nationale Elf Aquitaine and 79 per cent by Basic.

Claas sees lean year

FRANKFURT, May 16. GEBRUEDER CLAAS Maschinenfabrik, one of West Germany's leading manufacturers of agricultural machinery, is expecting a reasonably lean 1977-78, its management is predicting an overall 5 per cent drop in sales, largely as a result of a lack of export demand.

Swap loan by Bos Kalis

By Michael Van Os AMSTERDAM, May 16. BOS KALIS Westminster, the Dutch-based international dredging and construction group, is negotiating a second sterling/Dutch Guilder currency swap loan.

Roller launch in U.S. market

By Jonathan Carr BONN, May 16. ROLLEI, the camera and optical concern, is joining the growing ranks of West German companies aiming to attack the American market from within.

Market conditions may not return to normal for some time

it is maintained, but recent developments in several areas are 'sufficient to indicate a marginal improvement in the fourth quarter.'

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Decision on EEC issues

BY MARY CAMPBELL

THE FINAL decision on the European Economic Community's issues will now only be taken today—the subject is the first item on the agenda of the Council of Ministers meeting when it resumes this morning. Approval for the proposed discount on the issue is also still awaited.

Rising demand in Canada

BY PAULINE CLARK

The Canadian domestic bond market is preparing for a build up of new issues over the coming weeks as a combined result of lower Canadian interest rates and falling prices in the U.S. and Eurodollar bond markets.

Moët-Hennessy Provisional Consolidated Results (in F.Frs. '000) Table with columns for 1976, 1975, 1974 and rows for Turnover before tax, Gross trading profit, Net book profit, Net adjusted profit, Cash flow, etc.

Swap loan by Bos Kalis By Michael Van Os AMSTERDAM, May 16. BOS KALIS Westminster, the Dutch-based international dredging and construction group, is negotiating a second sterling/Dutch Guilder currency swap loan.

BANCO NACIONAL DE DESARROLLO ARGENTINA US \$100,000,000 MEDIUM TERM LOAN Managed by London Multinational Bank Limited, Amex Bank Limited, Bank of Montreal, etc.

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# SGI Bankers' view of Dutch stock market trend

**MICHAEL VAN OS**  
AMSTERDAM, May 16.

CELEBRATION of the trend in prices on the stock market, is noted in a report by a leading banking group, the SGI (Stichting voor de Generale Informatie) which said that the earnings of "international" Dutch companies rose by an average of 10 per cent this year.

The report noted that whereas sectors including textiles, machinery and chemicals were profitable, the general trend, having registered a net advance (plus 1.5 per cent) in 1976 when the general index rose 3.2 per cent.

The review of this week notes that measured by earnings ratios, the valuation on the Amsterdam stock market is still relatively low. The P/E for the general index was 7.3 as at April 30, 1977, compared with a trading range for 1976-77 of 7.2 to 9.2.

If the development of dividend yield for Dutch shares in 1976 and 1977 is compared with the yield of Government bonds it appears that, partly as a result of the increase in the yield of equities is still relatively modest, the bank says.

Discussing the various factors determining the stock exchange "climate", the review also touches on the position of the Dutch guilder, as well as the capital market and the money market. The money market has benefited from the lowering of the discount and interest rates, in view of the guilder's strong external position, the situation was likely to remain stable.

The review also notes that the "favourable" development on the "dam" stock exchange in the first few months of the year, were given as a result of a moderate upturn along with unsatisfactory results for industry, and in foreign interest in the capital market.

# Bahrain offshore banking prospects

**By Michael Blenden**  
BAHRAIN, May 16.

TAJ RECENTLY announced U.S. \$12m. loan arranged by Grindlay Brindley for the Jordanian Hotels and Tourism Company could be the forerunner of important long-term developments for the offshore banking activities of Bahrain.

The loan, which is to be used to finance the 150-room extension to the Intercontinental Hotel in Amman, is the first medium-term loan to be syndicated exclusively among the Offshore Banking Units (OBUs) in Bahrain.

Grindlay's Bank's own OBU feels that there is an opportunity to develop, in time, a growing business in syndicated loans for Arab borrowers out of Bahrain, using the resources available to the offshore banks established here, instead of relying on the international Eurocurrency funds in London and elsewhere.

Another line of development being examined is the syndication of holding facilities for local and international contractors. These present problems for the banks, which are required to enter into substantial and effectively unconditional commitments in support of the contractors.

Grindlay's OBU is a relative newcomer in an area of activity which is itself only of recent origin. Since the Bahrain offshore venture was launched in late 1975, some 40 operations have been licensed and about 30 are already active. The total assets involved in this market are put at about \$8.25bn, nearly three quarters of it in dollars.

The development of the offshore banking market here has been initiated under the guidance of Mr. Alan Moore, Director General of the Bahrain Monetary Agency. Its growth has been kept under control with the Society's funds as in the past, encouraging first class international and local names. Competition in the market is described as fierce as the number of international banks involved has grown.

The banks operating in this market include two, First National City Bank and Algemeene Bank Nederland, which had been doing business of this kind for some time previously and effectively established here. Other banks like Grindlay, are building on an established branch banking network and are tending to concentrate in their OBUs in building up a merchant banking type of activity; others, some of the big international banks which have set up here are conducting the greater part of their activity in the form of interbank trading but are developing into commercial lending.

# Tupperware's private army

**BY ART GARCIA IN LOS ANGELES**

OPPORTUNITY KNOCKS—and more and more across Europe and the U.S., it's a representative of Dart Industries at the door. Once strictly a retail drugstore chain, Dart has parlayed its concept of direct selling its lines of consumer products in the comfort and privacy of homes through sales "parties" into a \$1bn. a year business. That much was rung up last year for its Tupperware plastic containers and Vanda cosmetics toiletries as Dart's armies of independent dealers marched across more than 30 countries.

For the sixth year in a row, Dart's net profits, per share earnings and sales moved to new highs in 1976, with net income topping \$100m. for the first time. Operations outside the U.S. showed improvement over the prior year, despite devaluations of local currencies in number of countries. Dart's after-tax earnings from its international businesses rose to \$33m. from \$27m. in 1975 on sales of \$364m., which accounted for 25 per cent of the company's total 1976 volume of \$1.45bn.

Leading the way both domestically and overseas was Dart's direct selling business, whose \$512m. in sales last year was the major contributor to total corporate volume and produced net income of \$133.1m. But as successful as Dart has been in getting its foot in the door for its direct sales parties, there are some problems it still is struggling to overcome as it wraps up a corporate restructuring programme which has been underway for the past 30 years.

From essentially a drug store company in 1956, Dart's activities today are almost 100 per cent in other business areas. Early this year, it sold its Rexall Drug Company operations in the U.S. for \$16m. cash, following the 1976 disposal of its Rexall stores in Canada. All that is left of drug retailing is Rexall South Africa and the Rexall headquarters in Los Angeles, which Dart indicates it probably never will sell.

Pacing Dart's performance last year was the Tupperware Division, said to be the world's largest maker of plastic food storage and serving containers, and a key 1956 acquisition in the company's diversification programme. From a single manufacturing plant in Tours, France, which was hit by costs of consumer products in the comfort and privacy of homes through sales "parties" into a \$1bn. a year business. That much was rung up last year for its Tupperware plastic containers and Vanda cosmetics toiletries as Dart's armies of independent dealers marched across more than 30 countries.

After studying its Vanda results country-by-country, Dart last year decided to consolidate European production in its plant in England and to phase out distributors and dealers cosmetics manufacturing in Belgium in nearly three dozen countries. It is also shutting down sales and warehouse operations

# Despite the success Dart has had in direct selling Tupperware, it is still struggling to find a similarly successful formula for the troubled Vanda operation

division's sales and earnings in Italy and contracting U.S. now originate outside the U.S. production with outside manufacturers. The company is new products at a rate of about one every 60 days, including some which were first developed, manufactured and marketed overseas and now are made in the U.S. Dart says that this demonstrates the "interchangeability" of technology between countries and the universal appeal of Tupperware products.

Less appealing, however, has been progress last year was measured by how much it cut its losses in the U.S. The deficit was trimmed through reorganisation of the marketing programme, a tighter selection of distributors based upon prior success in direct selling, and standardisation of products worldwide. Additionally, cosmetic and beauty care lines have been reduced to 255 items from the high of 700 several years ago. Despite the success Dart has had in direct selling Tupperware, it is still struggling to find a similarly successful formula for the troubled Vanda operation, particularly in the U.S., where sales generally have

been weaker. Vanda was profitable last year in South Africa and Canada and essentially broke even in Australia, the company says, but operations in France were hit by costs of consumer products in the comfort and privacy of homes through sales "parties" into a \$1bn. a year business. That much was rung up last year for its Tupperware plastic containers and Vanda cosmetics toiletries as Dart's armies of independent dealers marched across more than 30 countries.

Now that its broad structural overhaul has been completed, Dart says it will concentrate on four priorities including "more extensive" long-term growth plans for its major divisions and putting them into sharper focus, plus launching "aggressive" programmes to "either fix or delete" divisions whose profitability outlooks are less than company standards. The company also intends to upgrade its management depth and reshape its basic financial policies. All of this is good news to Wall Street analysts who follow Dart and have been impressed with its sales and earnings performance but disappointed with progress in cleaning out money-losing operations. Arthur Bullcock research vice president at Paine, Webber, Jackson and Curtis, a nationwide investment firm, applauds the decision finally to phase out Vanda activities in Europe which do not meet corporate objectives. He expects all of Dart's groups to contribute to higher profits in 1977 and is estimating earnings for the year of about \$4.75 per share (fully diluted) 20 per cent higher than the \$4 a share earned in 1976.

Top of the list comes Companhia Cacique de Cacao Soluvel, which earned \$66.9m. in its export of soluble coffee in 1976, which was 92 per cent more than in 1975. This company had a net profit after tax of about \$2.8m. (\$4.9m.) on sales of about \$2.8m. (a turnover from export and sales on the domestic market of \$23.3m. or 94 Cruzeros/\$21.9m. (£47.3m.).

# Investment increase at AMP

**JAMES FORTH**  
SYDNEY, May 16.

AUSTRALIAN Mutual Investment Society, the largest in the country, has reported a 1976 investment increase of 18.3 per cent, compared with 14.4 per cent in 1975.

The latest total, about \$1.1bn, was invested in the United Kingdom, New Zealand, the United States, Canada, and other overseas markets. The investment pattern is coming to be dominated by some of the most established and well-known securities, which include the AMP 100, AMP 200, and AMP 300.

The AMP expects that there will be a marked shift in its investment pattern in coming years, with a focus on overseas markets. The investment in overseas securities, which formed a major part of the AMP's portfolio in 1976, is expected to increase to a point where returns were comparable with other investment avenues.

### SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Issue	Price	Issue	Price
10% 1977	102.00	10% 1978	101.50
10% 1979	101.00	10% 1980	100.50
10% 1981	100.00	10% 1982	99.50
10% 1983	99.00	10% 1984	98.50
10% 1985	98.00	10% 1986	97.50
10% 1987	97.00	10% 1988	96.50
10% 1989	96.00	10% 1990	95.50
10% 1991	95.00	10% 1992	94.50
10% 1993	94.00	10% 1994	93.50
10% 1995	93.00	10% 1996	92.50
10% 1997	92.00	10% 1998	91.50
10% 1999	91.00	10% 2000	90.50
10% 2001	90.00	10% 2002	89.50
10% 2003	89.00	10% 2004	88.50
10% 2005	88.00	10% 2006	87.50
10% 2007	87.00	10% 2008	86.50
10% 2009	86.00	10% 2010	85.50

# Jusco Eurobond expected

A CONVERTIBLE Debenture to be issued in London next week by the Japanese retailer Jusco Company is aimed at raising \$40m., sources in Tokyo revealed today. The offering will be Jusco's first on the Eurobond market, reports our Tokyo Correspondent.

The new capital will be ploughed back into an expansion programme which could mean further tie-ups with other retail chains. A link with Berlin, a local supermarket group, was concluded last year.

All these securities having been sold, this announcement appears as a matter of record only.

## Bank of Tokyo (Curaçao) Holding N.V.

(Formerly Curaçao Tokyo Holding N.V.)

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S. G. Waxburg & Co. Ltd. Credit Suisse White Weld Limited  
Bankers Trust International Limited Daiwa Europe N.V.  
Deutsche Bank Aktiengesellschaft The Development Bank of Singapore Limited  
Manufacturers Hanover Limited Pierson, Holding & Pierson N.V.  
Singapore-Japan Merchant Bank Limited Swiss Bank Corporation (Overseas) Limited

The Bank of Tokyo (Holland) N.V.

Algemeene Bank Nederland N.V. A. E. Ames & Co. Amex Bank Amsterdam-Rotterdam Bank N.V. Androsbank S.A.  
Anhold and S. Reichroeder, Inc. ASIC-Rabat International Acceptances & Capital Ltd. Asian and Euro-American Merchant Bank Ltd.  
Banca Habsy Stuart Inc. Banca Commerciale Italiana Banca del Gottardo Banca Nazionale del Lavoro Banco Ambrosiano  
Banca di Roma Bancrom International Bank of America International Bank Julius Baer International Bank Gottinger, Krz. Bingenhorst (Overseas) Limited  
Bank Leu International Ltd. Bank Leumi Le-Israel Group Bank Mose & Hope NY The Bank of Tokyo (Luxembourg) S.A.  
Bank of Tokyo (Switzerland) Ltd. Banque Bruxelles Lambert S.A. Banque Européenne de Tokyo Banque Française de Commerce Extérieur  
Banque Française de Dépôts et de Titres Banque Générale du Luxembourg S.A. Banque de l'Indochine et de Suez  
Banque Internationale de Luxembourg S.A. Banque Louis-Dreyfus Banque Nationale de Paris Banque de Nouilles, Schlumberger, Mallet  
Banque de Paris et des Pays-Bas Banque Populaire Suisse SA Banque Worms Baring Brothers & Co. H. Albert de Bary & Co. N.V.  
Bayerische Hypothek- und Wechselbank Bayerische Landesbank Bayerische Vereinsbank Borgan Bank Berliner Bank Aktiengesellschaft  
Beizner Handels- und Franchiser Bank Caixa des Depôts et Consignations James Capel & Co. Chiao Meichuan Bank Limited  
Christiana Bank og Kreditkasse Citicorp International Group Clariden Bank Comptourbank Aktiengesellschaft Compagnie de Banque et d'Investissements Industriels S.A.  
County Bank Crédit Commercial de France Crédit Industriel et Commercial Crédit Lyonnais Crédit du Nord  
Creditalia-Bankverein Credito Italiano Credito Italiano S.A. DBS-Deutsche Securities International Deutscher Bankverein  
Deutsche Kreditbank Deutsche Girozentrale Deutsche Girozentrale Deutsche Girozentrale Dillon, Read Overseas Corporation  
Dominion Securities Dresdner Bank Aktiengesellschaft Dresdner Bank Aktiengesellschaft Effectenbank-Warburg Effectenbank-Warburg Eurocreditbank S.p.A. Compagnie Europeenne Internationale  
European Banking Company First Bank Zürich First Boston (Europe) First Chicago Asia Merchant Bank Robert Fleming & Co. Limited  
Gefina International Ltd. Genossenschaftliche Zentralbank AG Antony Gibbs Holdings Ltd. Girocentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft  
Goldman Sachs International Corp. Gohabanken Greenhalde Hambros Bank Hill Samuel & Co. E. F. Hutton & Co. N.V.  
IJF International Interim-Banque Istituto Bancario San Paolo di Torino Jardine Fleming & Company Kasellie-Owke-Parkki  
Kieffer, Peabody International Kjøbenhavn Handelsbank Kleinwort, Benson Kreditbank N.V. Kreditbank S.A. Luxembourggoise  
Kohn, Loeb & Co. Ass. Lazard Brothers & Co. Lazard Frères & Co. Lloyds Bank International Loeb Rhoeder & Co. Inc. Limited  
London & Continental Bankers London Multinational Bank Melend, Young, Wair & Company Merrill Lynch International & Co. Limited  
E. Meisler soel. Sohn & Co. Samuel Montagu & Co. Morgan Grenfell (Asia) Morgan Guaranty and Partners Limited  
Morgan Stanley International Neobank Middle East Bank N.V. Neobank Thomson New Japan Securities Co. Ltd.  
The Nikko Securities Co. (Asia) Ltd. The Nikko Securities Co. (Europe) Ltd. Nippon European Bank S.A.  
The Nippon Kogyo Kaisha Securities Co. Ltd. Nomura Europe N.V. Norddeutsche Landesbank Norddeutsche Landesbank Otsuka Securities Co. Ltd.  
S.I. Oppenheim Jr. & Co. Orin Bank Osekiya Securities Co. Ltd. Österreichische Länderbank Overseas-Chinese Banking Corporation Limited  
Pharmacia Postbank Privatbank Aktiengesellschaft N. M. Rothschild & Sons Salomon Brothers International Sanyo Securities Co. Ltd.  
Schindlerbank J. Henry Schroder Wegg & Co. Schroders & Chartered Shields Model Island Singapore International Merchant Bankers  
Singapore Overseas Merchant Bankers Skandinaviska Enskilda Bankerna South Burying, Harze Uptagan & Co. Société Bancaire Barclays (Suisse) S.A.  
Société Générale Société Générale de Banque S.A. Société Privée de Cassine Financière Société Générale de Banque Sparbankerna Bank  
Stamm, Turnbull & Co. San Heng Ltd International Svenska Handelsbanken Tokyo Finance (Asia) Tradition Securities  
Trinkaus & Bockholt URBAN-Arab Japanese Finance Union Bank of Finland Ltd. Union Bank of Switzerland (Securities) Limited  
United China Merchant Bankers United Overseas Bank Limited United Overseas Bank S.A. Verein- und Wechselbank Aktiengesellschaft J. Vostel & Co.  
Wako Securities Company M. M. Warburg-Brinckman, Wirtz & Co. Warburg Paribas Becher Inc. Wardley Ltd. Westdeutsche Landesbank  
White, Wald & Co. Williams, Glyn & Co. Dean Witter International Wood Gundy Yamachi International (Europe) Yanatane Securities Co. Ltd.

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## Österreichische Kontrollbank Aktiengesellschaft

U.S. \$40,000,000 Guaranteed Floating Rate Notes 1982

Notice is hereby given pursuant to Condition 5 of the Terms and Conditions of the above-mentioned Notes that the Rate of Interest (as therein defined) for the Interest Period (as therein defined) from 17th May, 1977 to 17th November, 1977 is at the annual rate of 6 1/2 per cent. The U.S. dollar amount to which the holders of Coupon No. 2 will be entitled on duly presenting the same for payment will be U.S.\$3,541,7 subject to appropriate adjustment thereto (or the making of other appropriate arrangements of whatever nature) which we may make, without further notice in the event of an extension or shortening of the above-mentioned Interest Period.

EUROPEAN BANKING COMPANY LIMITED on behalf of EUROPEAN-AMERICAN BANK & TRUST COMPANY (Fiscal Agent)

17 May, 1977

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

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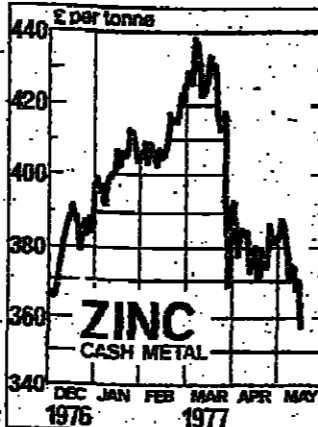
FARMING AND RAW MATERIALS

SSR grain target used

WASHINGTON, May 16. SOVIET Union... has used its goal of annual grain production from 200 to 220 million tonnes...

Zambian 'war' threat lifts copper prices

ZAMBIA'S ANNOUNCEMENT that it is in a state of war with Rhodesia brought a rise in copper values... ZINC CASH METAL... 420... 400... 380... 360... 340... 1976 1977



London tea auctions down again

By Our Commodities Editor. TEA PRICES fell again on the London weekly auctions yesterday... The overall average price is expected to be below 200p a kilo compared with last week's level of 215p.

OPAL MINING Last frontier for striking it rich

BY LACHLAN GILMOUR, RECENTLY IN AUSTRALIA. Kingoonya from the south. It is rationed 50 gallons a person each week and costs 60 cents (35p) for 80 gallons... The field was discovered almost by accident, by an amateur prospector in search of gold...

Brazil soya crop estimate reduced

DE JANEIRO, May 16. U.S. soybean crop is estimated to total 11.5 million tonnes in the trade department of the U.S. Department of Agriculture...

U.S. coffee forecast challenged

BY SUE BRANFORD. SAO PAULO, May 16. CAMILLO CALAZANS, president of the Brazilian Coffee Institute (IBC), has accused the U.S. Department of Agriculture of exaggerating the size of the next Brazilian coffee harvest...

Thailand bid to slow down rice exports

BANGKOK, May 16. THAILAND HAS introduced measures to control the rice export trade following heavy government intervention since the beginning of this year...

London market rallies

BY RICHARD MOONEY. COFFEE FUTURES moved sharply higher on the London terminal market yesterday despite a statement by General Foods of the U.S. that it had reduced a recently announced price increase...

COMMODITY MARKET REPORTS AND PRICES

Table with multiple columns listing commodity prices for metals, grains, oil, and other raw materials. Includes sub-sections for 'METALS', 'GRAIN', 'OIL', 'SILVER', 'RUBBER', 'COFFEE', 'SOYABEAN MEAL', and 'SUGAR'.

WOOL FUTURES

Table showing wool futures prices for various grades and origins, including Australian and New Zealand wool.

PRICE CHANGES

Table listing price changes for various commodities such as metals, oil, and grains, with columns for 'May 16/17' and '17/18'.

Has your money ORE THAN DOUBLED since September?

ESTORS REVIEW'S Commodity Portfolio, run by port Commodities Ltd., was started last September at an initial capital of £10,000. This week's return is just short of £21,000, a rise of nearly 110% at eight months...

NY commodity futures trading up in April

NEW YORK, May 16. TRADING on most commodity futures markets in New York increased last month. But cocoa and the New York Mercantile Exchange contracts suffered significant setbacks against business figures from the Futures Industry Association show...

U.S. soya crushings

WASHINGTON, May 16. MEMBERS OF THE U.S. National Soybean Processors Association crushed 66,772,959 bushels of soybeans last month, down from 72,288,000 bushels in March and 75,573,000 bushels in April last year...

Hotel charges restricted

THE PRICE COMMISSION tried yesterday to stop hotels in south-west Scotland from making excessive profits during the British Open Golf Championship at Turnberry in July...

Orkney profit

The Harbour Authority of Orkney Island Council made a profit of £154,000 last year. Nearly two-thirds of this came from oil-related operations in Scapa Flow, where Occidental has a £12.1m terminal at Flotta for the Piper Field in the North Sea...

FINANCIAL TIMES

Table showing financial data for the FT 100 index, including values for May 16, 15, 12, and 11, and a percentage change.

GRAINS

THE BALTIK-FRASH interest in imported grains very slow to develop with sellers generally leaving prices unchanged. Scattered business included a small quantity of optional barley for June shipment to the West Coast U.K....

U.S. ALUMINIUM SHIPMENT UP

NEW YORK, May 16. Shipments of aluminium ingot and mill products in the U.S. increased 41 per cent in February to 491,700 short tons from 442,900 tons, the Aluminium Association said...



STOCK EXCHANGE REPORT

Equities give a little ground but undertone firm Share index down 1.1 at 466.7—Gilts quietly mixed

Account Dealing Dates... First Declared Last Account Dealings Dates...

A small evenly balanced trade in investment currency caused only minor fluctuations in the premium which, after moving between 121 and 220 per cent, closed unaltered at 120 1/2 per cent.

General Accident firm... Small mixed movements were the order of the day in insurance. General Accident edged forward a penny to 189 1/2 in front of today's first-quarter figures.

Variable rate Gift... British Funds failed to derive any further benefit from either last month's trade returns, comment about which was generally favourable over the weekend.

Reynolds feature... Growing controversy over the announcement that a £50m power station is to be ordered two years before it is needed from GEC's rival, C. A. Parsons.

average price of around 126 1/2 per share. Other Electricals drifted on small selling and lack of support.

Foodstuffs... Brooke Bond were marginally easier at 49p ex the rights issue, the new 10p premium before closing at 59p premium after a fair trade.

Cosalt rally... The miscellaneous Industrial leaders ended the day with fairly modest losses. Awaiting the late publication of the April Retail sales figures made little impact.

Oils firm late... Late domestic and U.S. buying ensured a firm close in British Petroleum and other Oils in general.

appreciable below the market price. Calmore Investments hardened 2 to 2 1/2p on the rejection of the T. Cowie offer.

announced... North Sea oil orientated issues continued to give ground on profit-taking. Thomson gave up 10 to 35p and Associated eased 4 to 15p.

Properties... succumbed to further profit-taking although prices tended to rally a little after-hours.

Investment Trusts were quiet and little changed. Rothschild improved 4 to 25p following a Press comment, while Cmusul.

Investment Trusts were quiet and little changed. Rothschild improved 4 to 25p following a Press comment, while Cmusul.

19 1/2p and Waterbury, 170p, put on 1 1/2 and 3 respectively. Capital issues had Rosedmond 2 harder at 43p and Channel Islands 5 better at 37 1/2p.

Shipping... attracted a reasonable business and closed firmly. P. and O. Deferred featured with a rise of 5 to 10 1/2p, reflecting weekend Press comment.

Textiles had little to commend them. Beales, at 49p, gave 6 1/2p on further consideration of the results, while other casualties took in John Foster 3 cheaper at 37p.

London-registered Financials... however, suffered from lack of interest and also the downturn in U.K. equities.

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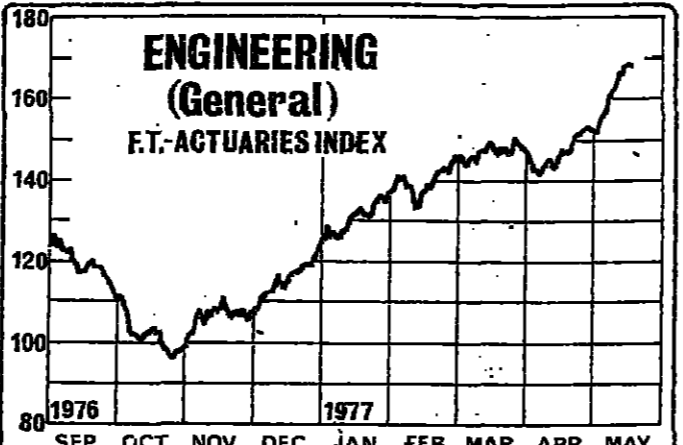
FINANCIAL TIMES STOCK INDICES table with columns for May 15, 16, 17 and various indices like Government Securities, Fixed Interest, Industrial Ordinary, etc.

HIGHS AND LOWS table with columns for High, Low, High, Low and various stock categories like Govt. Secs., Fixed Int., Ind. Ord., Gold Mines.

NEW HIGHS AND LOWS FOR 1977 table with columns for NEW HIGHS (1977) and NEW LOWS (1977) listing various sectors like BRITISH FUNDS, CORPORATIONS, etc.

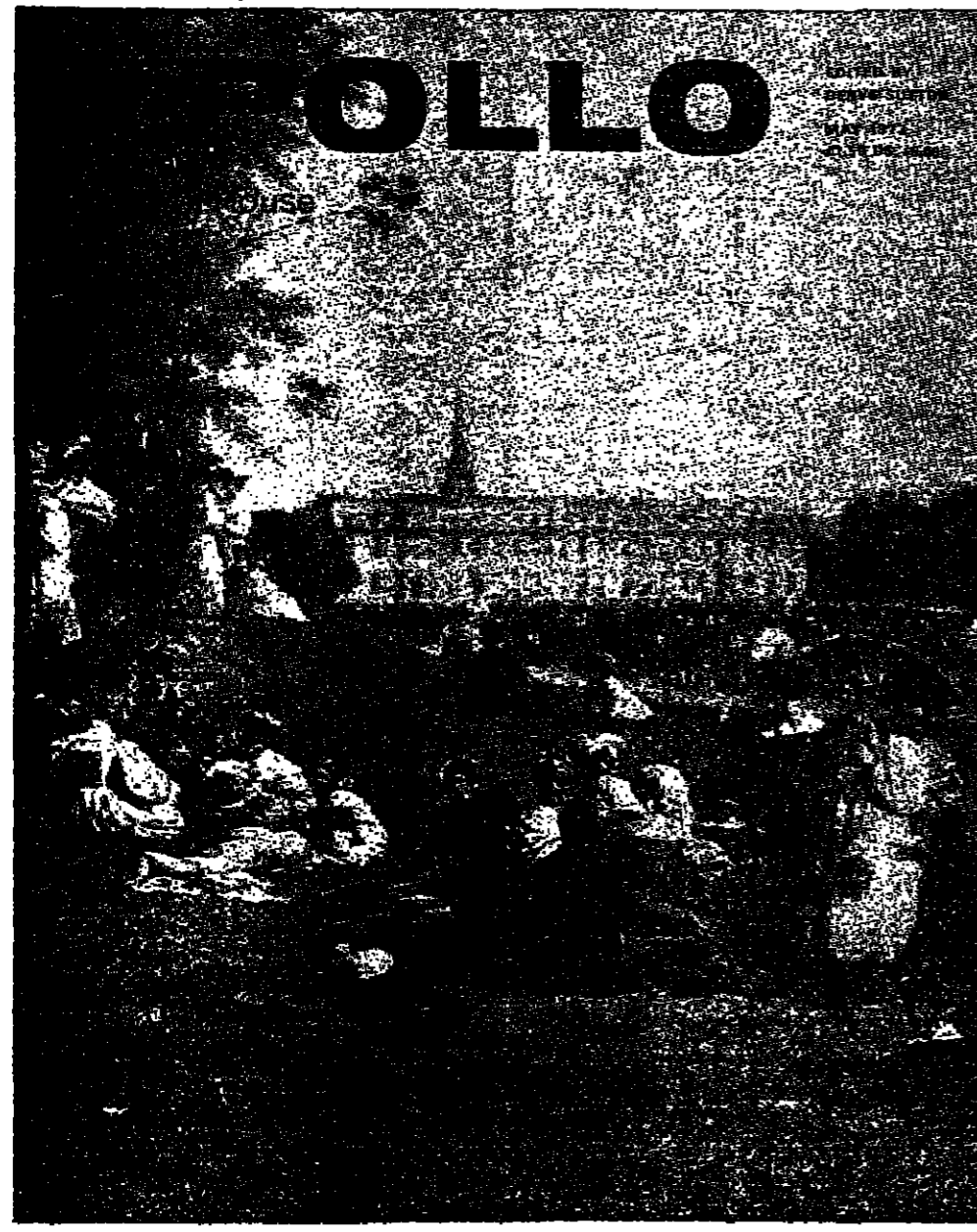
RISES AND FALLS YESTERDAY table with columns for Rise, Fall, Up Down Same and various stock categories like British Funds, Foreign Bonds, etc.

OPTIONS TRADED table with columns for DEALING DATES, Securities, Lombo, L. Parfina, etc.



firmly with Home Charm responded to a week-end comment with a rise of 4 to 50p. Maple hardened 1 1/2 to 12 1/2p after 13p.

Reliant stood out in Majors and dependent with a reaction of 1 1/2p following the company's announcement that talks are currently taking place which may result in a change of control and an offer for the shares at a price



PETWORTH HOUSE... The MAY issue of APOLLO provides a complete appraisal of the history of this lovely house, its gardens and contents. Neo-classical sculpture, Italian and Dutch 17th and 18th century paintings, the unique collection of oil paintings by Turner, and the exquisite furniture—pieces of English, French and Italian craftsmanship—are all discussed in this important issue.

RECENT ISSUES EQUITIES

Table of recent equity issues with columns for Issue Name, Price, and other details.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for Issue Name, Price, and other details.

"RIGHTS" OFFERS

Table of rights offers with columns for Issue Name, Price, and other details.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices with columns for Equity Groups, Mon. May 16, 1977, and various indices like CAPITAL GOODS, CONSUMER GOODS, etc.

Table of Fixed Interest Yields with columns for British Government, Mon. May 16, 1977, and various yield categories like 1 Low Coupons, 2 5-15 years, etc.

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 168(1) (-).



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Vertical text on the left edge of the page, partially cut off.

Table of Authorised Unit Trusts with columns for fund names, managers, and performance metrics.

Table of Offshore and Overseas Funds with columns for fund names, managers, and performance metrics.

Table titled 'BASE LENDING RATES' listing various banks and their respective interest rates.

Table titled 'MANUAL LIFE MANAGEMENT' listing various life insurance and investment products.

INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond products from multiple providers.

MESSAGE TO MANCHESTER

Text advertisement for Manchester area services, including contact information and a phone number.

NOTES

Notes section providing additional information and disclaimers regarding the financial data.

Table titled 'CLIVE INVESTMENTS LIMITED' listing investment products and their performance metrics.



INDUSTRIALS (Miscel)

FT SHARE INFORMATION SERVICE

Factoring means MORE WORKING CAPITAL. Interested? Talk to INTERNATIONAL FACTORS LIMITED.

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Div, and Yld. Includes sections for 'Shorts' (Lives up to Five Years) and 'Over Fifteen Years'.

INTERNATIONAL BANK

Table of International Bank shares with columns for Stock, Price, Div, and Yld. Includes sections for 'CORPORATION LOANS' and 'COMMONWEALTH & AFRICAN LOANS'.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits shares with columns for Stock, Price, Div, and Yld. Includes sections for 'LOANS (Miscel)' and 'FOREIGN BONDS & RAIS'.

AMERICANS

Table of American shares with columns for Stock, Price, Div, and Yld. Includes a note: 'U.S. \$ & Div prices exclude inv. \$ premium'.

CANADIANS

Table of Canadian shares with columns for Stock, Price, Div, and Yld.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase shares with columns for Stock, Price, Div, and Yld.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits shares with columns for Stock, Price, Div, and Yld.

AMERICANS

Table of American shares with columns for Stock, Price, Div, and Yld.

BUILDING INDUSTRY—Continued

Table of Building Industry shares with columns for Stock, Price, Div, and Yld.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase shares with columns for Stock, Price, Div, and Yld.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits shares with columns for Stock, Price, Div, and Yld.

AMERICANS

Table of American shares with columns for Stock, Price, Div, and Yld.

DRAPERY AND STORES—Continued

Table of Drapery and Stores shares with columns for Stock, Price, Div, and Yld.

BANKS AND HIRE PURCHASE

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ENGINEERING—Continued

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Table of American shares with columns for Stock, Price, Div, and Yld.

ENGINEERING, MACHINE TOOLS

Table of Engineering, Machine Tools shares with columns for Stock, Price, Div, and Yld.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. shares with columns for Stock, Price, Div, and Yld.

HOTELS AND CATERERS

Table of Hotels and Caterers shares with columns for Stock, Price, Div, and Yld.

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Army search starts after IRA killing

BY GILES MERRITT

BELFAST, May 16

A MAJOR search operation by police and army units on both sides of the border between Ulster and the Irish Republic continued throughout yesterday after a Provisional IRA communiqué claiming that they had killed Captain Robert Nairac, a 29-year-old Army officer.

The authorities are taking seriously the statement issued through the Belfast Republican Press Centre that Capt. Nairac had been seized and "executed" as a suspected member of the Special Air Services by the Provos' "First Battalion" in South Armagh.

Coming so close to the Province's local government elections to-morrow, whose results are expected to reflect the failure of the Loyalist strike, the apparent murder of Capt. Nairac has focused attention on the issue of security.

The Provisional IRA also claimed responsibility for the bombing of Belfast's main auction rooms yesterday morning.

Although the end on Friday of the 11-day strike led by the Rev. Ian Paisley was seriously sapped his political strength, the resumption of Provisional IRA violence may help him to regain ground in the local elections.

The army said that the search for Capt. Nairac will continue until evidence of his death can be found. An internal inquiry has been opened into the circumstances of his disappearance.

The Provisionals' statement claimed that Capt. Nairac was "arrested" on Saturday night and "executed after interrogation in a unit."

Army spokesmen yesterday repeated earlier denials that Capt. Nairac was part of the SAS Squadron that has been operating in South Armagh since January 1976, when Sir Harold Wilson, then Prime Minister, sent them into the notorious Republican stronghold.

Although senior sources have indicated that the missing officer, who is in the Grenadier Guards, was attached to 3 Brigade on intelligence and undefined liaison duties, there has been mounting speculation in Belfast that he may have been seconded to the SAS.

Two-way radio

According to Brigadier David Woodford, who commands 3 Brigade in the Armagh area, Captain Nairac was attached to his staff and had on occasion worked with the SAS.

Brigadier Woodford also said that it is normal for a missing man to work alone, and in plain clothes, and that he was "looking into the particular circumstances of this affair."

Captain Nairac is understood to have been kidnapped while sitting in an unmarked car in the car park of the Three Steps

public house at Drumintee, just three miles north of the border. He was armed and had a two-way radio set.

Whether or not he was by the nature of his duties, in any way connected with the SAS, the South Armagh Provos' believe him to be.

They claim he was identified from a photograph, and there is a suspicion that his seizure was in retaliation against recent SAS activities.

Last Friday, the day before Capt. Nairac's disappearance, a South Armagh Provo leader received a 25-year sentence in a Belfast court for a "catalogue of terrorist offences."

He is Sean McKenna, 23, who has admitted being in charge of the Provos' Newry unit. He was arrested by SAS soldiers in March last year.

McKenna claimed to have been inside the Irish Republic when arrested, and several SAS men gave evidence at his trial on charges ranging from attempted murder to bombings and kidnapping.

In the wake of Capt. Nairac's apparent murder, there is growing speculation that the affair may seriously damage support for the Provisional IRA inside the Roman Catholic community.

Capt. Nairac was a Catholic, educated at Ampleforth, and a Jesuit for his release by Cardinal Hume, the Roman Catholic Archbishop of Westminster, underlined the point.

Retail sales still at five-year low

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING IN shops during April hardly improved from around the lowest level recorded for five years.

The Department of Trade announced yesterday that the volume of retail sales last month was 104 (1971=100, seasonally adjusted). Although this is slightly higher than the 103.1 figure for March, it is well below the level in previous months.

The decline in retail business since the beginning of the year is shown by a per cent fall in the volume of sales in the February to April period compared with the previous three months.

After the slight recovery in consumer spending in the second half of last year, this sharp decline reflects the anticipated squeeze on disposable incomes at present as the rate of price inflation accelerates while earnings are held in check under Phase Two.

It also provides further confirmation of the depressed state of the domestic economy at a particularly unhelpful time, in the Phase Three talks and will give further ammunition for those calling for a further stimulus to the economy.

Whereas before the New Year consumers appear to have been trying to maintain their level of spending in face of a sharp fall in disposable incomes by cutting into their savings, there has been a change now. Consequently there has been a fall in consumption to match the drop in real earnings.

It is even possible that the savings ratio may have risen slightly in the first quarter as households rebuild their holdings of readily realisable assets; this is suggested by the recent large rise in the net inflow to building societies.

The official hope is that disposable incomes will now level out as the rate of inflation comes down. But much may depend on what happens after the end of phase two in July.

However, few forecasters expect any significant recovery in consumption before the end of the year, though the income-tax rebates later in the summer may give a temporary fillip.

The Department of Trade's figures show that in April sales were 12 per cent higher than 12 months earlier (on a non-seasonally adjusted basis). In the first four months of the year, the average value of sales was 14 per cent higher than in the same period last year.

Table with 2 columns: Year, Retail Sales Volume (Seasonally adjusted). Rows include 1976 1st, 2nd, 3rd, 4th, 1977 1st, and months October, November, December, January, February, March, April.

Source: Department of Trade

Although the extent of the decline in sales volume may have been slightly exaggerated by precautionary buying ahead of the December mini-budget, there has clearly been a major adjustment of consumer spending patterns.

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No campaign against envoy, says Callaghan

BY PHILIP RAWSTORNE

MR JAMES CALLAGHAN yesterday denied accusations that there had been a Government-inspired campaign to denigrate Sir Peter Ramsbotham, the outgoing ambassador to Washington.

In angry exchanges in the Commons the Prime Minister curtly rejected Tory demands for a personal apology. "I have nothing to apologise for," he declared.

In a bid to settle the controversy surrounding the appointment of Mr. Peter Jay, his son-in-law, to the Washington post, Mr. Callaghan decided late yesterday to make a Commons statement about the affair.

He reaffirmed his personal confidence in Sir Peter and said that criticisms of the ambassador in newspaper reports did not reflect the Government's views.

An official briefing of lobby correspondents by Mr. Tom McCaffery, the Downing Street Press secretary, had contained "no offensive personal references" to Sir Peter, Mr. Callaghan said.

Mr. McCaffery had also denied making "personal observations." The Prime Minister admitted that there were different versions of a private conversation with lobby correspondents, but said it was impossible to prove or disprove what remarks had been made then.

Mr. William Whitelaw, the Conservative Deputy Leader, challenged Mr. Callaghan to explain the "remarkably similar stories" that had appeared in London and provincial newspapers. Amid Labour protests, he snapped: "This is a sordid and disruptive affair for which you should now, as head of the Government, apologise personally."

Mr. Callaghan retorted that he had given a full explanation. The London evening newspapers had carried similar headlines not unlike similar stories. "The headline appeared first in one paper, and then in a later edition in the other," he said.

In a bitter clash with Mr. Peter Blaker (Con, Blackpool South), who had alleged that there had been a "smear campaign," Mr. Callaghan said: "Your role in this has not been a very honourable one." While complaining about attacks on the British ambassador, Mr. Blaker had launched the attack on Mr. McCaffery, he said.

Mr. Blaker replied that the Prime Minister had still not explained the Press Association report that Mr. Jay had been given the post in Washington because the Foreign Secretary was unhappy about the way the Embassy was being run and believed that it was completely out of touch with modern Britain.

Despite the dissatisfaction of the Tory benches, the Shadow Cabinet last night appeared unlikely to pursue the issue.

Mr. Callaghan's statement secured more support among Labour MPs in the Commons yesterday, although many still believe he has made a serious error of judgment, and that the affair may rumble on within the Labour Party for some time.

Parliament, Page 12

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Parliament, Page 12

Brussels protest by Scots fishermen

BY ROBIN REEVES

BRUSSELS, May 16

THE EEC Council of Ministers was the scene of British demonstrations today as Scottish fishermen and U.K. pig producers lobbied to voice their concern about the impact of Common Market policies on their livelihoods.

About 25 pig producers representative from all parts of the U.K. demanded a Community action to stem the heavy financial losses being sustained by all sectors of the U.K. pig industry.

The decision of Mr. John Silkin, the U.K. Minister of Agriculture and Fisheries in his capacity as President-in-Office of the Council, to meet a delegation of only 12 representatives resulted in angry scenes as Mrs. Winifred Ewing, the Scottish Nationalist MP, was barred from entering the building.

An irate Mrs. Ewing complained after the incident that she had been manhandled and would be raising the issue of rights of access to the European Parliament in the European Parliament of which she is a member.

Mr. Gilbert Buchan, vice-president of the Scottish Fishermen's Federation, and leader of their delegation, said their meeting with Mr. Silkin and Mr. Bruce Millan, the Scottish Secretary of State, had not left him very optimistic.

"The 60-mile zone means life or death for Scottish fishermen, but nothing said by Mr. Silkin gives much hope of getting it all over Scotland and five Scottish MPs from all political parties marched on the Council of Ministers headquarters carrying placards demanding an exclusive national fishing zone of 50 miles as part of a Common Fisheries Policy revised to take account of 200-mile limits. They were led by a killed-piper, and stopped the traffic for several minutes.

The U.K. pig producers had earlier seen Mr. Finn Gundelach, the Brussels Commissioner for Agriculture. He told them the best solution to their difficulties would be for the U.K. Government to accept a further devaluation of the "green pound" of 6-7 per cent.

Mr. Gundelach was confident that in exchange other EEC Ministers would agree to a phased change in the method of calculating monetary compensatory subsidies on pork imports. This subsidised competition from imports is being largely blamed for the British pig industry's difficulties.

But Mr. Silkin told the pig producers that while he understood their critical difficulties he saw no merit in a further "green pound" devaluation. The Danish Government, for one, was not prepared to accept a deal along these lines.

The difficulties of the pig sector are expected to be discussed by the Council tomorrow. The Commission's case against Britain for paying a direct 50p a score (20 pounds) to its producers is due to go before the European Court of Justice on Friday.

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Labour group likely to stay as Israel's major party

BY RICHARD JOHNS

TEL AVIV, May 16

THE RULING Labour Alignment is expected to retain its position as the major party in the Knesset (parliament) in to-morrow's general election but may find it difficult or impossible to form any coalition, let alone an effective one.

In prospect are protracted attempts to form a coalition which could end abortively towards the end of July with a call for another general election. On the eve of Israel's ninth and most critical election yet, it is

difficult to envisage a government emerging strong and united enough to respond positively to the new U.K. peace initiative for the Middle East.

The general consensus among pollsters and pundits is that the Labour Party and its minority partners, the Mapam, should win 40-45 seats in the 120-member legislature compared with 35-38 likely to be secured by the right-wing Likud bloc. This would compare with 51 and 39 seats respectively obtained at the last election.

Weather

U.K. TO-DAY MOSTLY dry with sunny spells. Some rain. London, S.E. Cent. S.E. England, E. Anglia, E. Midlands Sunny spells, scattered showers. Winds N.E., moderate. Rather cool. Max. 12-14C (54-57F). Channel Islands, S.W. England Sunny intervals, isolated showers. Winds N.E., fresh. Near normal. Max. 13-15C (55-59F). W. Midlands, Wales, N.W., Cent. N. England, Lakes Mainly dry, sunny spells.

Winds N.E., light. Rather cool. Max. 12-15C (55-59F). N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland Mainly dry, sunny spells. Near normal. Max. 11-13C (53-55F). Isle of Man, West of Scotland, N. Ireland Mainly dry, sunny spells, mist early, some frost. Near normal. Max. 12-14C (54-57F). Outlook: Mainly dry. Sunny intervals, some showers.

BUSINESS CENTRES

Table with 2 columns: City, Day. Lists various cities and their corresponding days for business centers.

HOLIDAY RESORTS

Table with 2 columns: City, Day. Lists various holiday resorts and their corresponding days.

Weather prospects, mid-May

Mid-June. Generally mixed, with settled spells at times and again in June. Mean temps and sunshine below average in S.E. to above average in N.W. Rainfall mostly near average.

Crown Agents move against Stern

BY C. L. DUNN

FORMAL STEPS which could lead to a bankruptcy petition, have now been taken.

This is the second move mounted against Mr. Stern in recent months. In February, Reyer Ullmann was pressing for repayment of about £1m, and the bank was emphatic that if Mr. Stern was unable to pay, personal bankruptcy proceedings would be launched.

It is understood that the Crown Agents are owed about £40m, and that of this figure a substantial amount was underwritten by personal guarantees from Mr. Stern himself.

Last night, the Crown Agents said it was "only right and appropriate to take this course of action."

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THE LEX COLUMN

Time to float the floater

Index fell 1.1 to 466.7

Notes there could be quite a lively demand for this type of security. It will be a convenient form of liquidity for the building societies, the discount houses and banks will be obvious customers, and

comparable gilt. Although is slightly tighter the recent Corporation London and GLC issues should go reasonably well. The market does not out of bed this week.

French Kier. French Kier is no longer the "brink of total disaster" and the forecast "mod profit turns out to be 23 at the pre-tax level again by £7.4m. of property disposal and house sales, net borrow of £21m. have been virtually eliminated. The dividend has been partially restored, and group is eager to repay £1.5m. Government loan by the Department of Trans exercises its conversion in this summer which could it up to 11 per cent of Fr Kier's equity.

The severity of the re cutbacks can be seen by £14m. drop in turnover, a of close to a third in the v force, and a further £1 write-off on the £10m.

At the same time the bank. At the same time have also become significant improvement about the holders of the GEC paper. This has been partly offset by margin offered by the GEC sharply increased tax ch

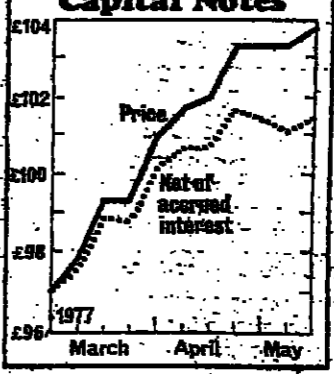
Notes over interbank rate has and the extra cost of edged down from one to around through the investment three-quarters of a point and rency market in order to one guess last night was that off some burdensome over borrowing. Nevertheless a holders' funds have been

created by £0.4m. In the current year group hopes to keep borrowings down to cu low levels and the reduce the consequent interest c could push profits up to But even at these levels far from certain that the dend will be fully restored a current yield of 3.1 per at 35p is hardly generous.

Cavenham. In its original bid to Generale Occidentale was to offer up to 140p per for the 49 per cent of C ham which it does not of own. Cavenham's indepe directors, and their ad Samuel Montagu, turned down. So it seems remarks to say the least—that should have accepted a b 155p for half the outst; equit, plus a scrip in erence shares for the rans minority. Working from basis of Cavenham's p

The Sunderland issue offers price of 94p, that effec a redemption yield of 12.40 per value the shares at— cent—two full points over the what—around 140p.

GEC Floating Rate Capital Notes



apparently industrial companies have also become significant holders of the GEC paper. This margin offered by the GEC Notes over interbank rate has edged down from one to around three-quarters of a point and one guess last night was that off some burdensome over borrowing. Nevertheless a holders' funds have been created by £0.4m. In the current year group hopes to keep borrowings down to cu low levels and the reduce the consequent interest c could push profits up to But even at these levels far from certain that the dend will be fully restored a current yield of 3.1 per at 35p is hardly generous.

What is more surprising than the length of the waiting list, is the absence of local authority borrowers over the past couple of months. In February and March a handful of issues were oversubscribed between 30 and 40 times but since then all has been quiet, which is all the more puzzling given the fact that the Treasury has been pressing the authorities to lengthen their debt profiles.

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Continued from Page 1

Zambia

war between Rhodesia and Zambia, there are grave worries about the potential destabilising effects of Rhodesian military action against Zambia. On yesterday the Rhodesian military admitted violating the frontier of Botswana, another neighbouring State.

Relations between Zambia and Rhodesia have steadily deteriorated over the years since UDI, with shooting incidents near Victoria Falls following the complete closure of the border in 1973. Since then, only Zaire rail traffic has officially passed between the two countries.

Although telephone communications are still open a joint system has existed since the days of the Central African Federation) President Kaunda has now closed the last apparent loophole with his ban on air-travel.

Precisely what Dr. Kaunda means by his declaration of a state of war is unclear at this stage. But it seems a defensive rather than an offensive action, aimed at reinforcing the state of emergency already in force, partly as a means of warning Zambians of the gravity of the situation.

However, Rhodesia would be very stretched, if it tried to launch pre-emptive strikes into Zambia, especially since its tactics over the last year have included hit and run (and often airborne) raids into western Mozambique, where the majority of the nationalist guerrillas have until recently been based.

Little accurate detail is available to the build-up of guerrillas in Zambia over the year since the armed wing of Mr. Nkomo's ZAPU left Mozambique for their own Zambian bases. Botswana has reported refugees from Rhodesia at the rate of some 400 a week, many of whom are flown straight to Zambia for military training there or elsewhere in Africa. Some may go to the Soviet Union.

In Salisbury yesterday a Rhodesian spokesman reiterated his country's belief in the "international acceptance and recognised principle of hot pursuit against raiders who crossed borders. He suggested that the strength of the Zambian reaction to Mr. Smith's warning was mainly smited at impressing the United Nations conference. In Harare, rather than reflecting a genuine concern that Rhodesia was about to launch pre-emptive strikes,

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